

ANNUAL REPORT 2010

CLAIRVEST

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CLAIRVEST

KNOWLEDGE BASED – VALUE FOCUSED.

Clairvest is one of Canada's leading providers of private equity financing to mid-market companies and currently has over C\$750 million of equity capital under management.

Clairvest manages its own capital and that of third parties, through the Clairvest Equity Partners Limited Partnerships.

Clairvest partners with management to invest in profitable, small and mid-sized North American companies with the goal of helping to build value in the business and generate superior long term financial returns for investors.

Clairvest specializes in consolidating industries within a specified region and in the local market casino industry.

ONCE AGAIN, CLAIRVEST CONCLUDES
2010 FISCAL YEAR IN A STRONG POSITION TO
PURSUE MARKET OPPORTUNITIES IN 2011

FELLOW SHAREHOLDER,

Clairvest has concluded a successful 2010 fiscal year and is well positioned to take advantage of the economic recovery. The last 24 months were tough for most businesses, and some of our portfolio companies were affected more than others. However, our careful approach to leverage and our partnership with owner operators allowed our portfolio to not only withstand the recession, but also in the last 12 months, gain from it.

For example, Van-Rob, an auto parts manufacturer, remained in business when American vehicle sales volume dropped to below 1982 levels. While many of its competitors and customers went bankrupt, the company completed two acquisitions at very compelling valuations and is enjoying renewed growth in a less competitive landscape.

Another portfolio company, Light Tower Rentals, which provides oilfield services, remained EBITDA positive as the number of active oil and gas rigs fell by 56% in less than one year. The company is back in growth mode and now expanding into several regions, including oil rich North Dakota and the promising Pennsylvania basins.

With debt and capital markets virtually closed, private equity transaction multiples decreased further during fiscal 2010. This was not a good time to sell companies, but a very opportunistic period for portfolio companies to make acquisitions, enter new markets and plan for future growth.

Landauer Metropolitan completed, in two separate transactions, the acquisition of six divisions of a large public company in the northeastern United States for an advantageous price, placing the company as the leading supplier of home medical equipment in the region.

Lyophilization Services of New England positioned itself to increase opportunities in recurring sterile work through the successful FDA audit of an existing facility, and is building its order book for its newly opened production facility.

Between 2007 and the summer of 2008, unprecedented levels of liquidity ignited a period of overheated valuations. During this period, Clairvest exited seven investments, two of which were awarded the "Deal of the Year" from the Canadian Venture Capital Association.

Just as we timed our exits in the boom and avoided making new investments at the peak, we have taken advantage of the bust to complete new investments. Our research uncovered several opportunities and Clairvest invested in new companies, two of which closed during fiscal 2010 and one subsequent to year end. More than ever, we are convinced that our proactive, domain-based origination strategy gives us a competitive advantage in any economic cycle.

Last year was also challenging for private equity fund managers raising new capital. Commitments to private equity funds declined significantly, to levels unseen in several years. During this time Clairvest launched its new capital pool, Clairvest Equity Partners IV, and to date \$312 million has been committed from prior and new investors, such that CEP IV will be Clairvest's largest fund to date.

For the 12 months ended March 31, 2010, Clairvest's book value per share grew to \$18.32 from \$17.89 a year earlier. Our performance continues to be superior to many public market indices, such as the S&P 500. Over the past 10 years, Clairvest has delivered compounded annual growth in its book value per share of 9.3% on an after-tax basis, compared with a negative 0.5% for the index¹. This return is the aggregate of high returns on our invested capital and modest money market returns on our cash balances, which have averaged 35% of total assets over the period, providing our shareholders with a solid risk adjusted return.

BUILDING THE PORTFOLIO

Fiscal 2010 was a busy and successful year for the CEP portfolios. In CEP, Landauer completed transformative acquisitions and Van-Rob took advantage of the recovering automotive industry. In CEP III, Light Tower Rentals is enjoying a strong recovery, Lyophilization Services of New England completed its new manufacturing facility, and the fund closed two new exciting investments in our chosen domains of environmental services and Internet infrastructure services. We launched CEP IV and, shortly after year end, it completed its first investment. Clairvest leveraged its strong gaming domain expertise to partner in the development of a casino in the materially underpenetrated Chicago local market.

PROMISING OUTLOOK

As we look ahead, we expect that our portfolio will benefit from the recovery and that our domain research efforts will continue to generate attractive opportunities.

Subsequent to year end, we closed on a new \$75 million, 10 year committed credit facility which will allow Clairvest to invest a much larger percentage of our available capital. With more of Clairvest's balance sheet actively invested in portfolio companies, the company will be positioned to increase over all returns to shareholders.

Clairvest will continue to use its time tested and rigorous investment discipline, looking for best-in-class companies, led by proven managers in industries for which we have a strong thesis. These domains will include those in which we have invested before, such as gaming and environmental services, and new ones which will be carefully examined.

More than ever, we are convinced that we derive a significant competitive advantage from our approach, which is based on collaboration with management teams and emphasizes growth as the principal driver of value creation.

Again this year, we express our gratitude to Clairvest's fund partners and shareholders for their support, to our investee partners for their cooperation, energy and leadership, to our employees for their enthusiasm and commitment, and to our board members for their counsel and guidance. It is through their combined efforts that we anticipate Clairvest will continue to build value for its shareholders.



Jeff Parr
Co-Chief Executive Officer



Ken Rotman
Co-Chief Executive Officer

July 5, 2010

¹Assuming a 3% reinvestment rate for dividends paid.

As at, and for the year ended, March 31, 2010

The Management's Discussion and Analysis ("MD&A") of financial condition and results of operations analyzes significant changes in Clairvest Group Inc.'s consolidated financial results, financial position, risks and opportunities. It should be read in conjunction with the consolidated financial statements.

The following MD&A is the responsibility of Management and is as of June 22, 2010. The Board of Directors carries out its responsibility for review of this disclosure through its Audit Committee. The Audit Committee reviews the disclosure and recommends its approval to the Board of Directors. The Board of Directors has approved this disclosure.

INTRODUCTION

Clairvest Group Inc. ("Clairvest" or the "Company") is a Canadian private equity management firm that specializes in partnering with management teams and other stakeholders of both emerging and established companies. Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners Limited Partnership ("CEP"), Clairvest Equity Partners III Limited Partnership ("CEP III") and Clairvest Equity Partners IV Limited Partnership ("CEP IV") (together, the "CEP Funds") in a small number of carefully selected companies that have the potential to generate superior returns.

The Company's shares are traded on the Toronto Stock Exchange under the stock symbol "CVG".

At March 31, 2010, Clairvest had 13 core investments in 9 different industries. Four of these investments are joint investments with CEP and seven are joint investments with CEP III. Clairvest also holds investments in Wellington Financial Fund II ("Wellington Fund II") and in Wellington Financial Fund III ("Wellington Fund III"), both affiliated entities (together, the "Wellington Funds").

OVERVIEW OF FISCAL 2010

An overview of the significant events during fiscal 2010 follows:

- Clairvest received initial commitments for its new private equity investment pool which is comprised of a co-investment commitment from Clairvest and a new limited partnership, CEP IV. The amount of capital committed to date is \$312 million, \$100 million of which was provided by Clairvest. Commitments to the new private equity investment pool are limited by a cap of \$500 million, and Clairvest has the right to increase its commitment to \$125 million prior to the end of the fundraising period.
- Clairvest and CEP III invested a combined US\$35.3 million (C\$36.9 million) for a 33.3% ownership in Hudson Valley Waste Holding, Inc. ("Hudson Valley"). Hudson Valley is a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States. Clairvest's portion of the investment was US\$8.2 million (C\$9.2 million) for an 8.3% ownership interest in Hudson Valley unless certain return thresholds are met, at which point Clairvest's ownership interest would be reduced to 6.2%.
- Clairvest and CEP III also invested a combined US\$23.4 million (C\$25.2 million) for a 16.9% ownership in PEER 1 Network Enterprises Inc. ("PEER 1", TSX: PIX). PEER 1, based in Vancouver, is a global provider of Internet infrastructure, delivering managed hosting, self-managed hosting, co-location and network services across North America and the United Kingdom. Clairvest's portion of the investment was US\$5.9 million (C\$6.3 million) for a 4.2% ownership interest in PEER 1.
- During fiscal 2009, Clairvest and CEP III committed a combined \$32.0 million to build Casino New Brunswick, \$9.2 million of which was funded to March 31, 2009. During fiscal 2010, Clairvest and CEP III funded the

MANAGEMENT'S DISCUSSION AND ANALYSIS

remaining \$22.8 million of this commitment and an additional \$2.7 million to cover additional costs associated with the project. At March 31, 2010, Clairvest's portion of the investment was \$8.7 million. Subsequent to year end, the casino segment of the development commenced operations with the hotel and entertainment facility expected to open in July 2010.

- Clairvest advanced a further US\$3.0 million (C\$3.3 million) to Latin Gaming Chile S.A. ("Latin Gaming Chile") to support the construction of a casino in Calama, Chile. The loans were provided as bridging capital pending regulatory approval and completion of negotiation to invest in the casino project. Regulatory approval was received during fiscal 2010.
- During fiscal 2009, Shepell•fgi sold substantially all of its assets to an unrelated third party. Clairvest and CEP received total cash proceeds of \$150.0 million to March 31, 2009 and held non-interest bearing promissory notes of the acquirer totaling \$21.9 million, payable through to July 2010. During fiscal 2010, a further \$17.6 million of the promissory notes were repaid. Clairvest and CEP continue to hold \$4.3 million of promissory notes which are subject to satisfaction of certain items in the purchase documentation, and which may be received in the form of the acquirer's equity at the option of the acquirer. Proceeds on Clairvest's \$6.6 million investment were \$41.9 million in cash to March 31, 2010 with \$1.1 million in remaining promissory notes.
- During fiscal 2010, Casino Marina del Sol ("Casino del Sol"), a joint investment by Clairvest and CEP III, was impacted by an earthquake which occurred in Chile on February 27, 2010. Casino del Sol had purchased insurance for property damage and for business interruption of up to twelve months. Casino del Sol is preparing its insurance claims and is making the necessary repairs to the property and expects the casino to reopen by September 2010.
- Clairvest paid an annual dividend of \$0.10 per share. The dividend was paid on July 27, 2009 to common shareholders of record as of July 10, 2009. The dividend was an eligible dividend for Canadian income tax purposes.
- Clairvest filed a new normal course issuer bid enabling it to make market purchases of up to 797,678 of its common shares in the 12-month period commencing March 6, 2010. No purchases have been made under this bid to June 22, 2010. As at June 22, 2010, Clairvest had repurchased a total of 5,709,578 common and non-voting shares over the last seven years.

OUTLOOK

Fiscal 2010 evidenced improvement in economic conditions, equity markets and liquidity in the debt markets. Improvements are expected to continue throughout fiscal 2011, albeit with volatility.

At March 31, 2010, Clairvest had \$152.2 million in cash, cash equivalents and temporary investments, access to a \$20.0 million credit facility and \$267.9 million of additional capital available through CEP, CEP III and CEP IV to fund new investments.

Subsequent to year end, Clairvest, CEP IV and CEP IV co-investors, through various acquisition entities, invested a combined US\$72.0 million for an ultimate 40.0% ownership in Midwest Gaming Holdings, LLC ("Midwest Gaming") to build a casino and amenities in Des Plaines, Illinois. In addition to this investment, Clairvest, CEP IV and CEP IV co-investors advanced an additional US\$15.8 million loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The loan will be repaid as minority investors are approved by the Illinois Gaming Board with final repayments expected prior to August 2011. The project is expected to open by late summer 2011, and will be funded by US\$295.0 million of total debt and US\$180.0 million of equity. The initial phase of the project will include 1,150 slot

MANAGEMENT'S DISCUSSION AND ANALYSIS

machines, 30 gaming tables and food and beverage amenities in a 147,000 square foot facility and a 1,500 space parking garage. The project is located approximately 1 mile from O'Hare International Airport and 16 miles southwest of downtown Chicago, the third largest city by population in the United States. Clairvest's portion of the combined investments was US\$11.7 million (C\$11.7 million) for an ultimate 6.0% ownership in Midwest Gaming.

Also subsequent to year end, Clairvest closed on a new 10-year, \$75.0 million, committed credit facility. The credit facility is not expected to be drawn in the next fiscal year and enhances Clairvest's available liquidity. This additional liquidity, along with Clairvest's capital on hand, will provide Clairvest with increased flexibility to support the growth of its investee companies as appropriate, to take advantage of the current economic environment, and to continue its active pursuit of new investment opportunities to enhance shareholder value.

As always, Clairvest will stick to its discipline to find investments that fit its investment criteria and provide the potential for superior, risk-adjusted returns. We also continued to assist our investee companies in developing and executing their strategies and enhancing their value propositions. We are encouraged by the resilience of our investee companies, and believe that they have positioned themselves to prosper as their industries consolidate and recover from the recession.

FORWARD-LOOKING STATEMENTS

A number of the matters discussed in this MD&A deal with potential future circumstances and developments and may constitute "forward-looking" statements. These forward-looking statements can generally be identified as such because of the context of the statements and often include words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general and economic business conditions, regulatory risks, the possibility that Casino del Sol's insurance is insufficient or that the casino does not re-open as anticipated and the possibility that the opening of the casino being built by Midwest Gaming is delayed. The impact of any one risk factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future, considering all information then available.

All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

REGULATORY FILINGS

The Company's continuous disclosure materials, including interim filings, annual MD&A and audited consolidated financial statements, Annual Information Form, Notice of Annual Meeting of Shareholders and Proxy Circular are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF CLAIRVEST'S CORPORATE INVESTMENTS AT MARCH 31, 2010

Investment	Industry Segment	Geographic Segment	Ownership Percentage ⁽¹⁴⁾	Cost of Investment (millions)	Net Cash Investment (millions) ⁽¹⁷⁾	Fair Value of Investment (millions) ⁽¹⁸⁾	Description of Business
Casino Marina del Sol ⁽¹⁾	Gaming	Chile	11.9%	\$ 9.9	\$ 9.9	\$ 9.7	A gaming entertainment complex in Chile, adjacent to the city of Concepción. CEP III owns 35.7% of Casino del Sol.
Casino New Brunswick ⁽²⁾	Gaming	Canada	22.2%	\$ 8.7	\$ 8.7	\$ 8.7	A casino, hotel, and convention center that commenced operations near Moncton, New Brunswick, subsequent to year end. CEP III owns 66.6% of Casino New Brunswick.
Hudson Valley Waste Holding, Inc. ⁽³⁾	Waste Management	United States	8.3%	\$ 9.2	\$ 9.2	\$ 9.0	A regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States. CEP III owns 25.0% of Hudson Valley.
Kubra Data Transfer Ltd. ("Kubra") ⁽⁴⁾	Business Services	United States	12.8%	\$ 2.2	\$ 2.2	\$ 6.6	A business process outsourcing company focused on the distribution of household bills on behalf of its customers. CEP III owns 38.2% of Kubra.
Landauer Metropolitan Inc. ("Landauer") ⁽⁵⁾	Healthcare	United States	13.9%	\$ 4.4	\$ 4.4	\$ 7.7	A supplier of home medical equipment in the northeastern United States area. CEP owns 41.7% of Landauer.
Latin Gaming Chile S.A. ⁽⁶⁾	Gaming	Chile	Debt interest	\$ 12.4	\$ 12.4	\$ 12.4	A casino operator which is operating a gaming entertainment complex in Calama, Chile.
Latin Gaming Osorno S.A. ("Casino Osorno") ⁽⁷⁾	Gaming	Chile	50%	\$ 16.6	\$ 16.6	\$ 16.9	A gaming entertainment complex in Osorno, Chile.
Light Tower Rentals Inc. ("Light Tower Rentals") ⁽⁸⁾	Oil Field Service	United States	10.8%	\$ 6.2	\$ 6.2	\$ 6.3	An oilfield equipment rental company operating in the United States. CEP III owns 32.5% of Light Tower Rentals.
Lyophilization Services of New England Inc. ("LSNE") ⁽⁹⁾	Contract Manufacturing	United States	12.3%	\$ 6.5	\$ 6.5	\$ 4.9	A Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers. CEP III owns 36.8% of LSNE.
N-Brook Mortgage L.P. ("N-Brook") ⁽¹⁰⁾	Financial Services	Canada	14.7%	\$ 5.0	\$ 5.0	\$ 2.6	A company that originated, adjudicated and underwrote mortgages in Ontario, BC, Manitoba and Alberta, Canada. CEP owns 44.1 % of N-Brook.
PEER 1 Network Enterprises Inc. ⁽¹¹⁾	Information Technology	United States	4.2%	\$ 6.3	\$ 6.3	\$ 5.5	A publicly traded (TSX: PIX) global online IT infrastructure provider based in Vancouver. CEP III owns 12.7% of PEER 1.
Tsuu T'ina Gaming Limited Partnership ("Tsuu T'ina") ⁽¹²⁾	Gaming	Canada	Debt interest and profit participation	\$ 5.6	\$ 5.6	\$ 8.6	A charitable casino on Tsuu T'ina First Nation reserve lands, located southwest of the city of Calgary. CEP also has a debt interest and profit participation in Tsuu T'ina.
Van-Rob Inc. ("Van-Rob") ⁽¹³⁾	Automotive Related	Canada	5.5%	\$ 5.0	\$ 5.0	\$ 4.9	A supplier of metal stampings and welded assemblies to the North American auto sector. CEP owns 16.5% of Van-Rob.
Wellington Financial Fund II ⁽¹⁴⁾	Financial Services	Canada	24.1%	\$ —	\$ (4.2)	\$ 0.2	Provided debt capital and operating lines to technology, biotechnology, communications and industrial product companies.
Wellington Financial Fund III ⁽¹⁵⁾	Financial Services	Canada	16.7%	\$ 12.5	\$ 8.0	\$ 13.7	Provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies in Canada and the United States.
OTHER INVESTMENTS				\$ 0.3	\$ (35.4)	\$ 1.2	
TOTAL INVESTMENTS				\$ 110.9	\$ 66.4	\$ 118.9	

(1) Clairvest owns 238,200 common shares in Casino del Sol.

(2) Clairvest has funded \$8.7 million to Casino New Brunswick by way of 6% debentures and owns units of a limited partnership which holds Casino New Brunswick.

(3) Clairvest owns 8,750 Series A convertible preferred shares in Hudson Valley.

(4) Clairvest owns 2,150,000 Class A voting common shares in Kubra.

(5) Clairvest owns 1,906,250 10% cumulative convertible preferred shares, 748,133 common shares and advanced a \$0.2 million bridge loan at 25% interest per annum to Landauer.

(6) Clairvest has advanced loans totaling US\$11.8 million (C\$12.4 million) to Latin Gaming Chile. The loans are non-interest bearing at March 31, 2010.

(7) Clairvest owns 64,000 common shares in Casino Osorno.

(8) Clairvest owns 5,841,250 Series A convertible preferred

shares in Light Tower Rentals and 340,822 common shares in LTR Equipment Inc., a company affiliated with Light Tower Rentals.

(9) Clairvest owns 6,406,000 Series A 10% cumulative convertible preferred shares in LSNE.

(10) Clairvest has funded \$5.0 million to N-Brook in the form of partnership units and warehouse loans.

(11) Clairvest owns 5,134,617 common shares of PEER 1.

(12) Clairvest has funded \$5.6 million to Tsuu T'ina by way of 16% debentures.

(13) Clairvest owns 5,000,000 Class A special convertible shares in Van-Rob.

(14) Clairvest had funded \$13.6 million to Wellington Fund II and had received all of its capital back at March 31, 2010. The net cash investment is reduced by \$4.2 million as a result of income distributions received to date.

(15) Clairvest has committed to fund \$25.0 million to Wellington

Fund III, \$12.5 million of which had been funded at March 31, 2010. The net cash investment is reduced by \$4.5 million as a result of income distributions received to date.

(16) Ownership percentage calculated on a fully diluted basis at March 31, 2010.

(17) Net cash investment is comprised of cost net of dividends, interest and other distributions received but excludes advisory and other fees received and foreign exchange gains or losses on foreign exchange forward contracts entered into as hedges against Clairvest's foreign denominated investments.

(18) The determination of fair value incorporates the quoted market value of Clairvest's publicly-traded investments and an estimate of fair value for privately-held investments. The fair value of foreign exchange forward contracts entered into as hedges against Clairvest's foreign denominated investments is not included in this fair value.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Selected Financial Performance Measures

Year ended March 31, (\$000's, except per share amounts)	2010	2009	2008
Financial Performance Measures			
Net realized gains (losses) on corporate investments	\$ 153	\$ (70,876)	\$ 25,132
Net unrealized gains (losses) on corporate investments	7,880	(2,518)	25,250
Net income	8,497	26,088	38,243
Basic net income per share	0.53	1.64	2.40
Fully diluted net income per share	0.52	1.59	2.34
Dividends declared per share	0.10	0.73	0.10
Financial Condition Measures			
Total assets	\$ 305,360	\$ 308,004	\$ 398,659
Total cash, cash equivalents and temporary investments	152,228	184,412	185,208
Total corporate investments	118,881	102,865	185,390
Total liabilities	13,075	22,621	127,880

Income Statement Highlights

Clairvest's operating results reflect revenue earned from its corporate investments and cash, cash equivalents and temporary investments and realized and unrealized gains and losses on its corporate investments. These results are net of all costs incurred to manage these assets. The operating results of CEP, CEP III and CEP IV are not included in Clairvest's operating results.

Net income for the year ended March 31, 2010 was \$8.5 million, versus \$26.1 million for the year ended March 31, 2009 and \$38.2 million for the year ended March 31, 2008.

Clairvest had net realized gains of \$0.2 million in fiscal 2010 versus net realized losses of \$70.9 million in fiscal 2009 and net realized gains of \$25.1 million in fiscal 2008. The net realized gains in 2010 resulted primarily from the early repayment of a \$4.4 million promissory note from the acquirer of Shepell•fgi. The net realized losses in 2009 resulted primarily from a loss of \$98.1 million on the realization of Clairvest's interests in Gateway Casinos Inc. ("Gateway Casinos") (which was offset by \$104.5 million in dividends received from Gateway Casinos) and a gain of \$26.3 million on the realization of Shepell•fgi. The realized gains in 2008 resulted primarily from the realization of Clairvest's interests in Gateway Casino Income Fund, Voxcom Income Fund and Winter Bros. Waste Management, Inc.

Clairvest had net unrealized gains on investments of \$7.9 million in fiscal 2010 versus net unrealized losses on investments of \$2.5 million in fiscal 2009 and net unrealized gains on investments of \$25.3 million in fiscal 2008. Unrealized gains or losses result from changes in the fair value of the investments from one year to the next and do not reflect foreign exchange revaluations. Clairvest has implemented a hedging strategy to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar by hedging 100% of the carrying value of its foreign investments. The unrealized gains or losses on investments are summarized as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unrealized Gains (Losses) on Investments (\$'000's)

Year ended March 31,	2010	2009	2008
Investments in Publicly-traded Companies			
PEER 1 Network Enterprises Inc.	\$ (438)	\$ —	\$ —
	(438)	—	—
Investments in Privately-held Companies			
Gateway Casinos Inc.	—	—	26,513
Integral Orthopedics Inc.	—	—	(6,322)
Kubra Data Systems Ltd.	1,843	2,640	—
Landauer Metropolitan Inc.	3,041	358	295
Lyophilization Services of New England Inc.	—	(2,007)	7
N-Brook Mortgage LP	(490)	(1,922)	—
Shepell•fgi	—	—	6,781
Tsuu Tina Gaming Limited Partnership	529	319	—
Van-Rob Inc.	1,103	(1,250)	—
Wellington Financial Fund II	(49)	(415)	(624)
Wellington Financial Fund III	623	195	168
	6,162	(2,082)	26,818
Other Investments	1,718	(436)	(1,568)
	\$ 7,880	\$ (2,518)	\$ 25,250

Further details on unrealized gains/losses on investments can be found in the discussion of Clairvest's corporate investments below.

Net income in fiscal 2010 included distributions and interest income of \$14.5 million, dividend income of \$0.2 million, management fees from CEP of \$1.0 million, advisory and other fees from Clairvest investee companies of \$1.0 million, administration and other expenses of \$18.1 million, finance and foreign exchange expense recovery of \$0.9 million and income tax expense recovery of \$0.9 million. Included in distributions and interest income was \$4.1 million in priority distributions from CEP III, \$3.4 million in General Partner income distributions from CEP and \$3.3 million in distributions from Clairvest's investee companies. Included in administration and other expenses were management bonuses and share-based compensation expense totaling \$7.8 million.

Net income in fiscal 2009 included distributions and interest income of \$11.6 million, dividend income of \$105.2 million, management fees from CEP of \$1.2 million, advisory and other fees from Clairvest investee companies of \$0.9 million, administration and other expenses of \$12.5 million, finance and foreign exchange expense of \$1.8 million and income tax expense of \$5.0 million. Included in distributions and interest income was \$4.1 million in priority distributions from CEP III, \$1.5 million in General Partner income distributions from CEP and \$3.3 million in distributions from Clairvest's investee companies. Included in dividend income were tax-free dividends totaling \$104.5 million from Gateway Casinos. These dividends were received as part of the final distribution of assets from Gateway Casinos. Included in administration and other expenses were management bonuses and share-based compensation expense totaling \$3.5 million.

Net income in fiscal 2008 included distributions and interest income of \$17.9 million, dividend income of \$0.2 million, management fees from CEP of \$1.4 million, advisory and other fees from Clairvest investee companies of \$1.5 million, administration and other expenses of \$26.7 million, finance and foreign exchange expense of \$2.5 million and income tax expense of \$3.9 million. Included in distributions and interest income was \$4.2 million in priority distributions from CEP III and \$7.4 million in distributions from Clairvest's investee companies. Included in administration and other expenses were management bonuses and share-based compensation expense totaling \$18.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Balance Sheet Highlights

ASSETS

Total assets at March 31, 2010 were \$305.4 million, a decrease of \$2.6 million from \$308.0 million at March 31, 2009.

With \$152.2 million in cash, cash equivalents and temporary investments ("treasury funds") and \$95.0 million in credit facilities, Clairvest has sufficient capital to support its current and anticipated investments.

At March 31, 2010, the Company's treasury funds were held in cash and term deposits, or in corporate bonds, guaranteed investment certificates and investment savings accounts rated not below BBB, preferred shares rated not below P-2, and other fixed income investments rated not below R1-high (see Notes 3 and 14 to the consolidated financial statements for a detailed discussion of the Company's treasury funds).

Clairvest has a \$20.0 million credit facility with a Canadian chartered bank. The credit facility is unsecured and bears interest at the bank prime rate plus 0.5% per annum. The amount available under the credit facility at March 31, 2010 is \$20.0 million and is based on debt covenants within the banking arrangement.

Subsequent to year end, Clairvest closed on a new 10-year, \$75.0 million, committed credit facility with a financial institution, bringing total available credit to \$95.0 million. The new credit facility is unsecured and bears interest at the rate of 11.0% per annum on drawn amounts and 1.0% per annum on undrawn amounts.

As is typical of a private equity management firm, Clairvest's main asset is its corporate investments. Corporate investments increased \$16.0 million to \$118.9 million at March 31, 2010. The increase is comprised primarily of:

- A \$9.2 million investment in Hudson Valley;
- A \$6.3 million investment in PEER 1;
- Net follow-on investments totaling \$10.8 million in existing investee companies;
- Net unrealized gains on corporate investments of \$7.9 million; partially offset by
- \$11.1 million in unrealized depreciation in carrying values due to the depreciation of the US dollar and the Chilean Unidad de Fomento ("CLF") against the Canadian dollar. The Company uses foreign exchange forward contracts to hedge against currency risk on its foreign denominated investments (see Derivative Financial Instruments);
- Repayment of \$4.4 million in promissory notes from the acquirer of Shepell•fgi;
- Repayment of \$0.7 million of loans advanced to Casino del Sol; and
- Net return of capital from the Wellington Funds of \$0.7 million.

Corporate investments decreased \$82.5 million to \$102.9 million from March 31, 2008 to March 31, 2009. The decrease primarily resulted from the exit from Gateway Casinos.

The cost and fair value of corporate investments described below do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as hedges against the Company's foreign denominated investments. A discussion on the activity in each corporate investment held at March 31, 2010 follows.

Casino Marina del Sol

At March 31, 2010, Clairvest owned 238,200 common shares of Casino del Sol.

During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, advanced a \$0.7 million non-interest bearing loan to Casino del Sol. The loan was repaid in full during fiscal 2010.

During fiscal 2010, Casino del Sol was impacted by an earthquake which occurred in Chile on February 27, 2010. Casino del Sol had purchased insurance for property damage and for business interruption of up to twelve months. Casino del Sol is preparing its insurance claims and is making the necessary repairs to the property and expects the casino to reopen by September 2010.

The fair value of \$9.7 million at March 31, 2010 compares to cost of \$9.9 million, with the difference being attributable to foreign exchange adjustments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Casino New Brunswick

During fiscal 2010, Clairvest funded an additional \$5.7 million to fully satisfy the \$8.0 million commitment to build Casino New Brunswick and an additional \$0.7 million to cover additional costs associated with the project. The investments were made in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 6% per annum thereafter.

At March 31, 2010, Clairvest has funded \$8.7 million to Casino New Brunswick. Clairvest also holds units of a limited partnership which holds Casino New Brunswick, entitling Clairvest to 22.2% of the earnings of the casino once it is operating.

Subsequent to year end, the casino segment of the development commenced operations with the hotel and entertainment facility expected to open in July 2010.

The fair value of \$8.7 million equates to cost of \$8.7 million at March 31, 2010.

Hudson Valley Waste Holding, Inc.

During fiscal 2010, Clairvest invested \$9.2 million to acquire 8,750 Series A convertible preferred shares in Hudson Valley, a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States.

The fair value of Hudson Valley of \$9.0 million compares to cost of \$9.2 million, with the difference being attributable to foreign exchange adjustments.

Kubra Data Transfer Ltd.

At March 31, 2010, Clairvest owned 2,150,000 Class A voting common shares of Kubra.

The fair value of Kubra of \$6.6 million compares to a cost of \$2.2 million, with the difference being attributable to an increase in the expected realizable value of the investment and foreign exchange adjustments.

Landauer Metropolitan Inc.

At March 31, 2010, Clairvest owned 1,906,250 10% cumulative convertible preferred shares and 748,133 common shares in Landauer. Clairvest also advanced a \$0.2 million bridge loan to Landauer.

During fiscal 2010, Clairvest invested an additional \$0.6 million for an additional 301,275 common shares of Landauer to support various acquisitions made by Landauer. Also during fiscal 2010, Clairvest advanced a \$0.2 million bridge loan to Landauer. The loan bears interest at a rate of 25% per annum, payable monthly, and is repayable on April 16, 2010. Any unpaid interest will accrue interest at the same rate. The Company has the option to convert the bridge loan to common shares of Landauer if the loan is not repaid by April 16, 2010. Subsequent to year end, the loan was due but has not been demanded or converted and a portion of the loan was sold to Landauer management at accrued cost.

The fair value of \$7.7 million at March 31, 2010 compares to a cost of \$4.4 million with the difference being attributable to an increase in the expected realizable value of the investment and foreign exchange adjustments.

Latin Gaming Chile S.A.

During fiscal 2010, Clairvest loaned a further \$3.3 million to Latin Gaming Chile to support the construction of a casino in Calama, Chile. At March 31, 2010, Clairvest has advanced loans totaling \$12.4 million to Latin Gaming Chile. The loans bore interest at 5% per annum to August 10, 2009 and were non-interest bearing thereafter. The loans were provided as bridge capital as Clairvest was awaiting regulatory approval and completion of negotiation to invest in this casino project with Latin Gaming Chile. Regulatory approval was received during fiscal 2010. The loan is repayable on demand but has not been demanded.

The fair value of \$12.4 million at March 31, 2010 equates to cost of \$12.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Latin Gaming Osorno S.A.

At March 31, 2010, Clairvest owned 64,000 common shares of Casino Osorno.

The fair value of \$16.9 million at March 31, 2010 compares to a cost of \$16.6 million with the difference being attributable to foreign exchange adjustments.

Light Tower Rentals Inc.

At March 31, 2010, Clairvest owned 5,841,250 Series A convertible preferred shares in Light Tower Rentals and 340,822 common shares of LTR Equipment Inc. ("LTR Equipment").

During fiscal 2010, Clairvest invested \$0.3 million for 340,822 common shares of LTR Equipment, a company affiliated with Light Tower Rentals which supplies certain equipment to Light Tower Rentals.

On an aggregate basis, the fair value of Light Tower Rentals and LTR Equipment of \$6.3 million at March 31, 2010 compares to cost of \$6.2 million with the difference being attributable to foreign exchange adjustments.

Lyophilization Services of New England Inc.

At March 31, 2010, Clairvest owned 6,406,000 Class A 10% cumulative convertible preferred shares of LSNE.

The fair value of \$4.9 million at March 31, 2010 compares to a cost of \$6.5 million with the difference being attributable to a decrease in the expected realizable value of the investment and foreign exchange adjustments.

N-Brook Mortgage LP

At March 31, 2010, Clairvest owned 4,000,000 Series 1 limited partnership units and 15 Class A ordinary limited partnership units of N-Brook and had advanced a \$1.1 million variable rate demand debenture to N-Brook. During the year, Clairvest determined that the carrying value of N-Brook should be written down by a further \$0.5 million as a result of a decrease in the expected net realizable value of the investment.

The fair value of \$2.6 million at March 31, 2010 compares to a cost of \$5.0 million with the difference being attributable to a decrease in the expected realizable value of the investment.

PEER 1 Network Enterprises Inc.

During fiscal 2010, Clairvest invested \$6.3 million to acquire 5,134,617 common shares in PEER 1, a global online IT infrastructure provider based in Vancouver.

The fair value of PEER 1 of \$5.5 million compares to cost of \$6.3 million, with the difference being attributable to a decrease in the trading price of PEER 1.

Tsuu T'ina Gaming Limited Partnership

At March 31, 2010, Clairvest had funded \$5.6 million in subordinated debt with a 16% coupon, and an entitlement to between 2.8% and 9.6% of the earnings of the casino from the date of commencement of operations, December 19, 2007, for a period of 15 years.

The fair value of \$8.6 million at March 31, 2010 compares to a cost of \$5.6 million with the difference being attributable to accrued interest on the subordinated debt and an increase in the expected realizable value of the investment.

Van-Rob Inc.

At March 31, 2010, Clairvest owned 5,000,000 Class A special convertible shares in Van-Rob with a par value of \$1.50 per share. The investment was carried at \$3.8 million at March 31, 2009.

During fiscal 2010, Clairvest determined that the carrying value of Van-Rob should be written up by \$1.1 million as the prospects of the automotive industry improved during the year.

The fair value of \$4.9 million at March 31, 2009 compares to a cost of \$5.0 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wellington Financial Fund II

Clairvest, as a limited partner, had funded \$13.6 million to Wellington Fund II, all of which had been returned at March 31, 2010. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund II.

The fair value of Clairvest's investment in Wellington Fund II decreased to \$0.2 million at March 31, 2010 as a result of a return of capital.

At March 31, 2010, Clairvest had received income distributions totaling \$4.2 million from Wellington Fund II and its general partner, bringing net cash investment to a \$4.2 million net proceeds position.

Wellington Financial Fund III

Clairvest, as a limited partner, had funded \$12.5 million of its \$25.0 million commitment to Wellington Fund III at March 31, 2010. The commitment to fund capital calls extends until January 2014. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund III.

The fair value of Clairvest's investment in Wellington Fund III increased \$0.6 million to \$13.7 million at March 31, 2010 with the difference being attributable to an increase in the expected realizable value of the investment.

At March 31, 2010, Clairvest has received income distributions totaling \$4.5 million from Wellington Fund III and its general partner, bringing the net cash investment to \$8.0 million.

LIABILITIES

Total liabilities at March 31, 2010 were \$13.1 million, a decrease of \$9.5 million from \$22.6 million at March 31, 2009. The decrease in total liabilities was primarily due to the settlement of foreign exchange forward contracts entered into as hedges against the Company's foreign denominated investments during the year for which losses of \$5.5 million had been previously recognized as a liability as well as a decrease in income tax liabilities.

TRANSACTIONS WITH RELATED PARTIES

A wholly owned subsidiary of Clairvest ("GP I") has entered into a Management Agreement with the General Partner of CEP, appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. The fee was calculated annually as 2% of committed capital until August 21, 2006, the fifth anniversary of the last closing of CEP, and thereafter at 2% of contributed capital of CEP less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP. During fiscal 2010, GP I earned net management fees of \$1.0 million as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of \$0.2 million from corporate investments of CEP were netted against the management fees.

The General Partner of CEP is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. The distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP are allocated 50% to each of its limited partners, one of which is another wholly owned subsidiary of Clairvest ("Clairvest Subsidiary"), and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP I (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During fiscal 2010, CEP declared distributions to the General Partner totaling \$6.8 million, 50% of which, or \$3.4 million, was allocated to Clairvest Subsidiary. During fiscal 2010, CEP paid to the General Partner distributions totaling \$9.7 million that were declared in fiscal 2009 and 2010. At March 31, 2010, CEP had declared and paid distributions to the General Partner totaling \$9.7 million, 50% of which, or \$4.9 million, was allocated to Clairvest Subsidiary. If CEP were to sell its corporate investments at their current

MANAGEMENT'S DISCUSSION AND ANALYSIS

fair values, the General Partner would receive up to a further \$15.3 million of distributions, 50% of which, or \$7.6 million, would be payable to Clairvest Subsidiary.

Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a priority distribution from CEP III. The priority distribution is calculated monthly as 0.1667% of commitment capital until the earlier of August 2011, being the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed to new investments, and thereafter 0.1667% of contributed capital net of any distribution on account of capital and write-downs of capital invested. The priority distribution is reduced to the extent of 75% of any fees earned by GP I from corporate investments of CEP III. During the year, CEP III declared to GP I net priority distributions of \$4.1 million. As per the Limited Partnership Agreement, fees of \$0.4 million from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described below. To date, CEP III has not made any distributions to GP I other than priority distributions.

GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, GP I and GP II would not receive any distributions other than the priority distributions described above. Any distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I (the "Participation III Investors"). The Participation III Investors have purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. The General Partner of the Participation III Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.1 million contributed by the Participation III Investors into the Participation III Partnership, the amount of which was invested in Kubra Data Transfer Ltd. ["Kubra"], plus the first \$0.2 million received by the Participation III Partnership as described above.

GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("CEP III Co-Invest") of 10% to June 23, 2008 and 8.25% thereafter. CEP III Co-Invest was established in 2006 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from CEP III Co-Invest will be allocated 100% to the Participation III Partnership.

Clairvest is also the parent company of the two General Partners of Clairvest Equity Partners IV Limited Partnership ("CEP IV") (GP I and "GP III"). GP I is entitled to a priority distribution from CEP IV. The priority distribution is calculated monthly as follows: i) from the month in which CEP IV makes its first investment to the last day on which CEP III calculates its priority distributions based on committed capital ("CEP III Termination Date"), 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 0.1667% of committed capital; and iii) thereafter 0.1667% of contributed capital net of distributions on account of capital and any write-downs of capital invested. The priority distribution is reduced to the extent of 67.9% of any fees earned by GP I from corporate investments of CEP IV. GP I is also entitled to distributions made by CEP IV equal to 2% of gains of CEP IV determined as described below. To date, CEP IV has not made any distributions to GP I.

GP III, a limited partnership, the General Partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP IV equal to 18% of net gains of CEP IV. These distributions to GP III, and GP I as noted above, will be determined based on the overall performance of CEP IV. No such distributions are permitted until CEP IV's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP IV has not made any distributions to GP III. Any distributions received by

MANAGEMENT'S DISCUSSION AND ANALYSIS

GP III will be allocated to each of its two limited partners, one of which is Clairvest Subsidiary which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation IV Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation IV Partnership are principals and employees of Clairvest and GP I (the "Participation IV Investors"). The Participation IV Investors purchased, at fair market value, units of the Participation IV Partnership. From time to time, additional units in the Participation IV Partnership may be purchased by Participation IV Investors. The General Partner of the Participation IV Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.6 million contributed by the Participation IV Investors into the Participation IV Partnership, the amount of which was invested in Midwest Gaming Holdings, LLC ["Midwest Gaming"] subsequent to year end, plus the first \$0.4 million received by the Participation IV Partnership as described above.

GP III is also entitled to a carried interest in respect of CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest") of 8.25%. CEP IV Co-Invest was established in 2009 as the investment vehicle through which Clairvest would co-invest alongside CEP IV. Distributions received by GP III from CEP IV Co-Invest will be allocated 100% to the Participation IV Partnership.

At March 31, 2010, Clairvest had loans receivable from certain officers of the Company and GP I (the "Officers") totaling \$1.0 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest owned by the Officers with a market value of \$1.0 million. At March 31, 2010, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling \$0.5 million. The loans are interest bearing and have full recourse to the individual. Interest of \$49,000 was earned on these loans during fiscal 2010.

Loans totaling \$3.2 million, bearing interest at the prime rate, were made by Clairvest to CEP during the year, \$0.6 million of which were outstanding at March 31, 2010. Interest of \$3,000 was earned from loans to CEP during fiscal 2010.

Loans totaling \$71.0 million, bearing interest at the prime rate, were made by Clairvest to CEP III during fiscal 2010. During fiscal 2010, these loans and the \$8.5 million in loans outstanding at March 31, 2009 were repaid in full. Interest of \$91,000 was earned from loans to CEP III during fiscal 2010.

During fiscal 2010, Clairvest earned \$3.3 million in distributions and interest income and \$1.0 million in advisory and other fees from its investee companies. At March 31, 2010, Clairvest had accounts receivable from its investee companies totaling \$3.0 million, from CEP totaling \$0.7 million, from CEP III totaling \$0.1 million and from CEP IV totaling \$4.6 million. Also, included in accounts receivable and other assets is a refundable deposit of \$8.5 million paid to the State of Kansas with respect to a gaming license application in Wichita, Kansas, the amount of which was refunded in full subsequent to year end.

SUMMARY OF QUARTERLY RESULTS

	Gross Revenue \$	Net Income(Loss) \$	Net Income(Loss) Per Common Share* \$	Net Income (Loss) Per Common Share Fully Diluted* \$
(\$000's except per share information)				
March 31, 2010	4,476	1,875	0.12	0.11
December 31, 2009	8,747	2,268	0.14	0.14
September 30, 2009	5,520	3,692	0.23	0.23
June 30, 2009	6,003	662	0.04	0.04
March 31, 2009	8,643	3,822	0.24	0.23
December 31, 2008	1,658	(606)	(0.04)	(0.04)
September 30, 2008	5,406	2,558	0.16	0.16
June 30, 2008	29,726	20,314	1.27	1.23

*The sum of quarterly net income (loss) per common share may not equal to the full year net income (loss) per common share due to rounding and the anti-dilutive effect on any quarters where the Company reported a net loss.

Significant variations arise in the quarterly results due to realized gains (losses) on corporate investments, unrealized gains (losses) on corporate investments which are re-valued on a quarterly basis when conditions warrant an adjustment to the fair value of the corporate investment, and stock-based compensation due to the movement in the trading price of Clairvest's common shares.

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FOURTH QUARTER RESULTS

Net income for the fourth quarter of fiscal 2010 was \$1.9 million compared with a net income of \$3.8 million for the fourth quarter of fiscal 2009. Net income for the fourth quarter of fiscal 2010 is comprised of \$1.2 million of net corporate investment gains, \$0.3 million of net operating loss, and \$1.0 million of income tax expense recoveries. This compares with net corporate investment losses of \$98.5 million, \$103.4 million of net operating income, and \$1.1 million of income tax expense for the fourth quarter of fiscal 2009.

The net corporate investment gains of \$1.2 million for the fourth quarter of fiscal 2010 comprised entirely of net unrealized gains on corporate investments. The net corporate investment losses of \$98.5 million for the fourth quarter of fiscal 2009 resulted primarily from the \$100.5 million loss realized on Gateway Casinos (offset by the dividends received from Gateway Casinos discussed below).

Distributions and interest income for the quarter was \$2.6 million, compared with \$3.0 million for the same quarter last year. Distributions and interest income for the fourth quarter of fiscal 2010 included yield on cash, cash equivalents and temporary investments of \$0.3 million, net priority distributions of \$0.9 million from CEP III and \$0.8 million in income distributions from the Wellington Funds. Distributions and interest income for the fourth quarter of fiscal 2009 included yield on cash, cash equivalents and temporary investments of \$0.7 million, General Partner income distributions of \$1.5 million from CEP, net priority distributions of \$1.0 million from CEP III, net of \$0.6 million in clawback of General Partner distributions from the Wellington Funds.

Dividend income for the quarter was \$47,000, compared with \$103.6 million for the same quarter last year. Dividend income for the fourth quarter of fiscal 2009 comprised primarily of \$103.6 million in dividends received from Gateway Casinos as part of the final distribution of assets from Gateway Casinos.

Clairvest earned \$0.3 million in net management fees during the quarter for its services in the administration of CEP's portfolio and \$0.4 million in advisory and other fees from its corporate investments, compared with \$0.3 million and \$0.2 million, respectively, for the same quarter last year. The CEP management fee is reduced to the extent of 75% of fees earned by Clairvest from joint Clairvest/CEP corporate investments.

Administration and other expenses for the quarter were \$3.6 million, compared with \$2.3 million for the same quarter last year. Included in administration and other expenses for the fourth quarter of fiscal 2010 was \$0.2 million of stock based compensation expense as a result of an increase in the trading price of Clairvest's common shares. Included in administration and other expenses for the fourth quarter of fiscal 2009 was a \$1.6 million recovery on stock based compensation expense as a result of a decrease in the trading price of Clairvest's common shares over that reporting period.

Finance and foreign exchange recovery of \$29,000 for the quarter included foreign exchange gains of \$0.2 million as a result of gains on foreign exchange forward contracts entered into in anticipation of future investment gains. Finance and foreign exchange expense of \$1.4 million for the fourth quarter of fiscal 2009 included foreign exchange expense of \$1.3 million.

Income tax expense recoveries of \$1.0 million for the quarter were primarily the result of changes in the Company's consolidated future income tax positions.

OFF-BALANCE SHEET ARRANGEMENTS

Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, \$3.5 million of which remains unfunded at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is \$75.0 million, \$15.2 million of which remains unfunded at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

Clairvest has also committed to co-invest alongside CEP IV in all investments undertaken by CEP IV. Clairvest's total co-investment commitment is \$100.0 million, all of which remains unfunded at March 31, 2010. Subsequent to year end,

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Clairvest funded \$13.2 million of this co-investment commitment reducing the unfunded portion to \$86.8 million. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV if the manager of CEP IV, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP IV.

Clairvest has committed \$25.0 million to Wellington Fund III, \$12.5 million of which remains unfunded to March 31, 2010.

At March 31, 2010, Clairvest has earned profit distributions totaling \$3.1 million through its ownership interest in the General Partners of the Wellington Funds. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions (the "Clawback") entered into by the General Partners in the event the limited partners of the Wellington Funds do not meet their return threshold as specified in the respective Limited Partnership Agreements. At March 31, 2010, there were no accruals made with respect to the Clawback.

Clairvest has guaranteed up to \$3.0 million of CEP's obligations to a Schedule 1 Chartered Bank under CEP's foreign exchange forward contracts with the bank.

Clairvest and CEP III entered into a US\$13.0 million credit facility agreement with a Schedule 1 Chartered Bank to enter into foreign exchange contracts. Clairvest and CEP III are jointly and severally liable on this credit facility. Subsequent to year end, the joint and several agreement was extinguished and Clairvest entered into a stand-alone credit facility agreement.

Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable. Amounts are accrued under this plan to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2010, \$0.8 million has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$1.4 million would be owing to management under this Program. As no such income and realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the \$1.4 million has not been accrued at March 31, 2010. The Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.

During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Group Holdings Pty Limited ("Signature") and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various claims which will reduce over time.

Clairvest, together with CEP, had guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The guarantee was extinguished during the year and no amount subject to this guarantee had been funded.

Clairvest, together with CEP III, has guaranteed to fund 50% of any operating deficiencies upon the opening of Casino del Sol for a specified period of time. Amounts paid under the guarantee will be allocated 75% to CEP III to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, no amounts subject to this guarantee have been funded.

Clairvest, together with CEP III, has guaranteed to fund any cost overruns during the construction of Casino New Brunswick, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, \$2.7 million of the cost overruns guarantee has been funded, \$2.0 million of which was allocated to CEP III, and no amounts subject to the operating deficiencies guarantee have been funded.

As part of the holding structure of Casino del Sol, Clairvest, together with CEP III, borrowed \$32.1 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan, and the

MANAGEMENT'S DISCUSSION AND ANALYSIS

interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 23.8% at March 31, 2010, with CEP III owning 71.5% and the remainder owned by unrelated third party investors.

As part of the holding structure of Latin Gaming Chile, Clairvest borrowed \$8.3 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$8.3 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming Chile, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at March 31, 2010.

As part of the holding structure of Casino Osorno, Clairvest borrowed \$15.0 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$15.0 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino Osorno, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at March 31, 2010.

In connection with its normal business operations, Clairvest is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, Clairvest does not believe that it will incur any material loss in connection with such actions.

CRITICAL ACCOUNTING ESTIMATES

The preparation of Clairvest's consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. On an on-going basis, management reviews its estimates and assumptions. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. The critical accounting estimates that have a material impact on Clairvest's consolidated financial statements are with respect to corporate investments and future tax asset/liability.

Note 2 to the consolidated financial statements describes Clairvest's accounting policy for temporary and corporate investments. In accordance with Accounting Guideline 18, "Investment Companies" ("AcG-18"), the Company designates its temporary investments and corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts at fair value which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based

MANAGEMENT'S DISCUSSION AND ANALYSIS

on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants, the underlying security for which is traded on a recognized securities exchange, and if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security for which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

A change to an accounting estimate with respect to Clairvest's privately-held corporate investments or publicly-traded corporate investments would impact corporate investments and unrealized gains/losses on corporate investments.

Note 2 to the consolidated financial statements describes Clairvest's accounting policy for future income taxes. The process of determining future income tax assets and liabilities requires management to exercise judgment while considering the anticipated timing of disposal of corporate investments, and proceeds thereon, tax planning strategies, changes in tax laws and rates, and loss carry-forwards. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized. A change to an accounting estimate with respect to future income taxes would impact future tax asset/liability and provision for income taxes.

RISK MANAGEMENT

The private equity business is about accepting risk for return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and their management thereof are described below.

Credit Risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of investee companies regularly.

The Company is also subject to credit risk on its accounts receivables, the majority of which is with its investee companies. The Company manages this risk through its oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

The Company is also subject to credit risk on its loans receivables, the majority of which is with its CEP Funds. The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative financial instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. At March 31, 2010, the Company's derivative instruments have an accrued gain and a fair value of \$5.9 million. The Company believes the counterparty risk with respect to its derivative instruments is nominal.

The Company manages credit risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Market Risk

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates.

The Company's corporate investments have minimal exposure to market value risk. As at March 31, 2010, approximately 4.7% of the fair value of the Company's corporate investments was in publicly-traded companies. If market prices were higher or lower by 5% as at March 31, 2010, the potential effect would be an increase or decrease of \$0.3 million to the carrying value of corporate investments and net unrealized gains (losses) on corporate investments on a pre-tax basis for the year ended March 31, 2010.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple used in a valuation model based on earnings used for each individual investment. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Investments which are valued using the earnings multiple approach include Hudson Valley, Kubra, Landauer, Light Tower Rentals, LSNE, and Van-Rob. If the Company had used an earnings multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase of \$3.9 million or decrease of \$4.2 million to the carrying value of corporate investments and net unrealized gains or losses on corporate investments, on a pre-tax basis for the year ended March 31, 2010. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investment portfolio is diversified across 13 companies in 9 industries and 3 countries as at March 31, 2010. Certain industries may experience significant negative impact to their profitability and liquidity positions given the current economic conditions. The Company has considered these economic events and indicators in the valuation of its corporate investments. A further deterioration of economic conditions could result in significant unrealized depreciation to the Company's corporate investment portfolio in the future.

The Company held \$3.5 million in preferred shares of corporations in its temporary investments portfolio at March 31, 2010. Fluctuations between par value and market price did not exceed 7% during the period the shares were held. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at March 31, 2010, Clairvest hedged 100% of the carrying value of its foreign investments. In addition, the Company has entered into foreign exchange contracts in anticipation of future growth in the value of its U.S. denominated investments. These contracts had notional values totaling US\$2.3 million and a fair value of a loss of \$2,000 at March 31, 2010. These contracts were settled by entering into offsetting contracts subsequent to year end.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact to the profitability of these entities and in turn the Company's fair value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Certain of the Company's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can have a significant impact in the fair value of these investments.

Fluctuations in market interest rates affect the Company's income derived from cash, cash equivalents, and temporary investments. For financial instruments which yield a floating interest income, the interest received is directly impacted by

MANAGEMENT'S DISCUSSION AND ANALYSIS

the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of \$0.9 million to distributions and interest income on a pre-tax basis for the year ended March 31, 2010.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Financial obligations arising from off-balance sheet arrangement have been previously discussed.

The Company maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a credit facility with a Schedule 1 Canadian chartered bank and subsequent to year end closed on a new credit facility with a financial institution.

DERIVATIVE FINANCIAL INSTRUMENTS

Clairvest enters into foreign exchange forward contracts primarily to manage the risks arising from fluctuations in exchange rates on its foreign denominated investments. Clairvest is required to mark to market its foreign-denominated investments, as well as the foreign exchange forward contracts entered into as hedges against Clairvest's investments. Derivative instruments were valued at a \$5.9 million asset at March 31, 2010 versus a \$5.5 million liability at March 31, 2009.

At March 31, 2010, Clairvest had entered into foreign exchange forward contracts to sell US\$62.8 million at an average rate of Canadian \$1.0745 per U.S. dollar through to March 2011 and foreign exchange forward contracts to sell CLF 0.7 million at an average rate of Canadian \$44.0993 per CLF through to January 2011. The fair value of the US dollar contracts at March 31, 2010 is a gain of \$3.7 million and the fair value of the CLF contracts at March 31, 2010 is a gain of \$2.2 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments. US\$2.3 million of the U.S. dollar foreign exchange forward contracts were entered into in anticipation of future growth in the value of the Company's U.S. denominated investments. The fair value of these contracts at March 31, 2010 is a loss of \$2,000 and the contracts were settled by entering into offsetting contracts subsequent to year end.

UPDATED SHARE INFORMATION

At March 31, 2010, Clairvest had 15,953,566 common shares issued and outstanding. At March 31, 2010, Clairvest had 1,082,000 stock options outstanding, 837,000 of which were exercisable at March 31, 2010. Each option is exercisable for one common share.

During fiscal 2010 and up to June 22, 2010, Clairvest did not purchase nor cancel any common shares under its normal course issuer bid. As at June 22, 2010, Clairvest had repurchased a total of 5,709,578 common and non-voting shares over the last seven years.

During fiscal 2010, 35,000 options were exercised, all of which were exercised under the cash settlement plan and had no impact on share capital.

Clairvest paid cash dividends of \$0.10 per share on the common shares in each of fiscal 2010, fiscal 2009 and fiscal 2008. Clairvest also paid a one-time special dividend of \$10.0 million, or \$0.6272 per share, in fiscal 2009.

Subsequent to year end, Clairvest declared an annual dividend of \$1.6 million, or \$0.10 per share. The dividend will be payable to common shareholders of record as of July 9, 2010. The dividend will be paid on July 26, 2010. This is an eligible dividend for Canadian income tax purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), Management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as of March 31, 2010 and concluded that the disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended.

National Instrument 52-109 also requires certification from the Chief Executive Officers and Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Management has evaluated Clairvest's design and operational effectiveness of internal controls over financial reporting for the year ended March 31, 2010. Management has concluded that the design of internal controls over financial reporting are effective and operating as designed as of March 31, 2010 based on this evaluation. There were no changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal controls over financial reporting. The Company has not identified any weakness that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

During fiscal 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the use of International Financial Reporting Standards ("IFRS") for all Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Subsequent to year end, the AcSB proposed an amendment which would allow Canadian companies that currently follow AcG-18 to continue to use existing Canadian GAAP until fiscal years beginning on or after January 1, 2012.

Based on the Company's evaluation of the current IFRS and recent proposal by the AcSB, the Company is optimistic that fair value accounting will continue to be the method for which the Company accounts for its investee companies. The Company has established a timeline to transition to IFRS effective April 1, 2011 based on this understanding and is working towards issuing IFRS-based financial results for the first quarter ended June 30, 2011 with comparative data also on an IFRS basis. The Company continues to monitor ongoing changes to IFRS, which includes the aforementioned AcSB proposal, and will adjust its transition and implementation plans accordingly. Formal communications with the Audit Committee have been established to ensure timely decisions are made on key issues and risks.

The Company will continue to evaluate the impact to its financial reporting process and its financial statements if IFRS requires the Company to consolidate certain of its investee companies, which would be expected to have a significant impact to the Company's financial reporting process and financial statements. Other significant items which may have a significant impact to the Company's financial reporting and financial statements include the accounting for share-based compensation, for contingent liabilities and for income taxes. The Company is in the process of quantifying the impacts to the opening balance sheet for the period for which the Company is required to report under IFRS. The Company continues to monitor new developments to IFRS which may result in additional significant accounting differences.

MANAGEMENT'S REPORT

The consolidated financial statements of Clairvest Group Inc. were prepared by management, which is responsible for the integrity and fairness of the financial information presented. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized and that financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. Management believes that existing internal controls are appropriate to meet these objectives.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee. The Audit Committee, comprised of four non-management Directors, meets periodically with management and with external auditors to discuss the scope and results with respect to financial reporting of the Company. The Audit Committee has reviewed the consolidated financial statements with management and with the independent auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ernst & Young LLP, appointed external auditors by the shareholders, have audited the consolidated financial statements and their report is included herewith.



B. Jeffrey Parr
Co-Chief Executive Officer and Managing Director



Daniel Cheng
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Clairvest Group Inc.

We have audited the consolidated balance sheets of Clairvest Group Inc. as at March 31, 2010 and 2009 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
May 28, 2010



Chartered Accountants
Licensed Public Accountants

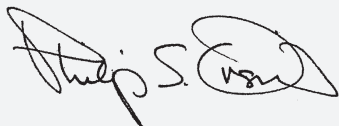
CONSOLIDATED BALANCE SHEETS

As at March 31

\$000's	2010	2009
ASSETS		
Cash and cash equivalents (notes 11 and 14)	\$ 43,684	\$ 112,272
Temporary investments (notes 3 and 14)	108,544	72,140
Accounts receivable and other assets (note 4(i))	20,146	8,463
Income taxes recoverable	7,399	189
Loans receivable (notes 4(j) and 4(k))	698	8,549
Future tax asset (note 9)	108	3,526
Derivative instruments (note 12(b))	5,900	—
Corporate investments (notes 6 and 14)	118,881	102,865
	\$ 305,360	\$ 308,004
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 7,417	\$ 7,932
Income taxes payable	—	2,025
Derivative instruments (note 12(b))	—	5,523
Future tax liability (note 9)	1,455	4,049
Stock-based compensation (note 10)	4,203	3,092
	\$ 13,075	\$ 22,621
Contingencies, commitments and guarantees (notes 4, 6, 12 and 13)		
SHAREHOLDERS' EQUITY		
Share capital (note 9)	\$ 82,823	\$ 82,823
Retained earnings	209,462	202,560
	292,285	285,383
	\$ 305,360	\$ 308,004

See accompanying notes

On behalf of the Board:



PHILIP S. ORSINO
Director



JOSEPH J. HEFFERNAN
Director

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31

\$000's (except per share information)	2010	2009
NET INVESTMENT GAINS (LOSSES)		
Net realized gains (losses) on corporate investments (note 5)	\$ 153	\$ (70,876)
Net unrealized gains (losses) on corporate investments (note 6)	7,880	(2,518)
	8,033	(73,394)
OTHER INCOME		
Distributions and interest income (note 4)	14,459	11,586
Dividend income	194	105,193
Management fees (note 4(a))	1,027	1,152
Advisory and other fees (note 4(l))	1,033	896
	16,713	118,827
EXPENSES		
Administration and other expense (note 10)	18,077	12,528
Finance and foreign exchange expense (recovery) (note 14)	(947)	1,787
	17,130	14,315
Income before income taxes	7,616	31,118
Income tax expense (recovery) (note 8)	(881)	5,030
Net income for the year	\$ 8,497	\$ 26,088
Basic net income per share (note 9)	\$ 0.53	\$ 1.64
Fully-diluted net income per share (note 9)	\$ 0.52	\$ 1.59

See accompanying notes

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended March 31

\$000's	2010	2009
Retained earnings, beginning of year	\$ 202,560	\$ 188,066
Net income for the year	8,497	26,088
	211,057	214,154
Dividends paid	(1,595)	(11,594)
Retained earnings, end of year	\$ 209,462	\$ 202,560

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31

\$000's	2010	2009
OPERATING ACTIVITIES		
Net income for the year	\$ 8,497	\$ 26,088
Add (deduct) items not involving a current cash outlay		
Amortization of fixed assets	323	313
Stock-based compensation expense (recovery)	1,111	(2,385)
Future income tax expense (recovery)	824	(403)
Net realized losses (gains) on corporate investments	(153)	70,876
Net unrealized losses (gains) on corporate investments	(7,880)	2,518
Non-cash items relating to derivative instruments	(13,375)	9,505
Non-cash items relating to corporate investments	12,167	(109,016)
	1,514	(2,504)
Net change in non-cash working capital balances related to operations (note 11)	(21,756)	(11,108)
Cash used in operating activities	(20,242)	(13,612)
INVESTING ACTIVITIES		
Acquisition of corporate investments	(26,368)	(30,520)
Proceeds on sale of corporate investments	4,779	40,532
Return of capital from corporate investments	1,439	5,546
Proceeds on (cost of) realized derivative instruments	1,952	(5,387)
Net proceeds on sale (acquisition) of temporary investments	(36,404)	55,748
Loans advanced	(74,436)	(19,192)
Receipt of loans advanced	82,287	30,118
Cash provided by (used in) investing activities	(46,751)	76,845
FINANCING ACTIVITIES		
Issuance of share capital (note 9)	—	64
Cash dividends paid	(1,595)	(11,594)
Receipt of loans	—	3,249
Cash used in financing activities	(1,595)	(8,281)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR		
	(68,588)	54,952
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	112,272	57,320
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 11)	43,684	112,272
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid	\$ 7,642	\$ 7,866
Interest paid, on gross basis (notes 13(m), 13(n) and 13(o))	\$ 1,579	\$ 256

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010 and 2009 (tabular dollar amounts in thousands)

1. NATURE OF ACTIVITIES

Clairvest Group Inc. ("Clairvest" or the "Company") is a Canadian private equity management firm publicly traded on the Toronto Stock Exchange ("TSX"). The Company, which operates in only one business segment, actively seeks to form mutually beneficial investments with entrepreneurial corporations. Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners Limited Partnership ("CEP"), Clairvest Equity Partners III Limited Partnership ("CEP III") and Clairvest Equity Partners IV Limited Partnership ("CEP IV") (together, the "CEP Funds"). Clairvest contributes financing and strategic expertise to support the growth and development of its investees in order to create realizable value for all shareholders. Clairvest is incorporated under the laws of the Province of Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and its pro-rata ownership of various acquisition entities that exist for investing purposes. All intercompany amounts and transactions have been eliminated upon consolidation.

In accordance with Accounting Guideline 18 ("AcG-18"), the Company designated its temporary investments and its corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

Adoption of New Accounting Policies

Effective fiscal 2010, the Company adopted Emerging Issues Committee Abstract 173 ("EIC-173"), "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which requires the Company's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC 173 did not have a significant impact on the consolidated financial statements.

Effective fiscal 2010, the Company adopted amendments to CICA Handbook Section 3862 to improve fair value and liquidity risk disclosures of its financial instruments. Section 3862 now requires that all financial instruments be categorized into one of three hierarchy levels as described below:

Level 1 – inputs are quoted prices in active markets for identical instruments.

Level 2 – inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

The Company's disclosure on the fair value hierarchy of its financial instruments is included in Note 14 to the consolidated financial statements.

Future Accounting Changes

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. As a result, Clairvest is required to adopt IFRS commencing April 1, 2011. Subsequent to year end, the AcSB proposed an amendment which would allow Canadian companies which currently follow AcG-18 to continue to use existing Canadian Generally Accepted Accounting Principles ("GAAP") until fiscal years beginning on or after January 1, 2012.

Clairvest is currently evaluating the impact of adopting IFRS and the potential delay in adoption as a result of the AcSB proposal.

Significant Accounting Policies

The following is a summary of the significant accounting policies of the Company:

(a) Temporary Investments and Corporate Investments

The Company carries its temporary investments and its corporate investments at fair value. When a financial instrument is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at a value which takes into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants, the underlying security of which is traded on a recognized securities exchange, if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security of which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of less than 90 days from the date of acquisition. Cash equivalents consist of deposits in savings accounts, term deposits, fixed income mutual funds and corporate bonds.

(c) Foreign Currency Translation

Income and expenses denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates. Non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses are included in income in the period in which they occur.

(d) Derivative Financial Instruments

The Company periodically enters into foreign exchange forward contracts, primarily to hedge its exposure to exchange rate fluctuations on its foreign currency denominated investments. These foreign exchange forward contracts and, where applicable, their underlying investments, are valued at exchange rates in effect at the consolidated balance sheet dates.

Foreign exchange forward contracts are included on the consolidated balance sheet as derivative instruments and are valued at fair value representing the estimated amount that the Company would have been required to pay, or received, had the Company settled the outstanding contracts at the consolidated balance sheet dates. Any unrealized gains or losses are included in finance and foreign exchange expense (recovery) on the consolidated statement of income.

(e) Income Recognition

Realized gains or losses on disposition of corporate investments and unrealized gains or losses in the value of corporate investments are calculated based on weighted average cost and are reflected in the consolidated statements of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Management fees and advisory and other fees are recorded as income on an accrual basis when the services are performed. Distributions and interest income are recognized on an accrual basis and dividend income is recognized on the ex-dividend date.

(f) Future Income Taxes

The Company records future income tax expense or recovery using the asset and liability method. Under this method, future income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective income tax bases, as well as certain carryforward items. Future income tax assets and liabilities are determined for each temporary difference based on the income tax rates that are expected to be in effect when the asset or liability is settled. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized.

(g) Stock-based Compensation Plan

The Company's stock option plan allows a cash settlement of stock options. As a result, compensation expense is recognized and recorded as a liability based on the intrinsic value of the outstanding stock options at the consolidated balance sheet dates and the proportion of their vesting periods that have elapsed. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees is credited to share capital. On the exercise of stock options for cash, the liability recorded is reduced and any difference between the liability accrued and the amount paid is recorded in income.

(h) Deferred Share Unit Plan

Directors of the Company may elect to receive all or a portion of their compensation in deferred share units ("DSUs"). On the date directors' fees are payable, the number of DSUs to be credited to a participant is determined by dividing the amount of the fees to be received by way of DSUs by the market value of a Clairvest common share on the TSX. Upon redemption of DSUs, the Company pays to the participant a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the market value of a Clairvest common share on the TSX on the redemption date. A participant may redeem his or her DSUs only following termination of board service.

Under the Company's DSU plan, the fair value of the DSUs is charged to administration and other expense based on the number of DSUs outstanding at the consolidated balance sheet dates multiplied by the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates.

During fiscal 2008, the DSU plan was amended to also facilitate the issuance of Appreciation Deferred Share Units ("Appreciation DSUs") to the directors of the Company. Upon redemption of the Appreciation DSUs, the Company pays to the participant a lump sum cash payment equal to the number of Appreciation DSUs to be redeemed multiplied by the difference between the market value of a Clairvest common share on the TSX on the redemption date and the market value of a Clairvest common share on the TSX on the grant date. A participant may redeem his or her Appreciation DSUs only following termination of board service. Under the Company's DSU plan, the fair value of the Appreciation DSUs is charged to administration and other expense based on the number of Appreciation DSUs outstanding at the consolidated balance sheet dates multiplied by the difference between the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates and the market value of a Clairvest common share on the TSX on the grant date.

(i) Book Value Appreciation Rights Plan

The Company may elect to issue all or a portion of an individual's stock option grant by way of book value appreciation rights units ("BVARs"). Upon redemption of BVARs, the Company pays to the participant a lump sum cash payment equal to the number of BVARs to be redeemed multiplied by the increase in book value per share between the grant date and the redemption date, and grossed up such that the participant's after-tax proceeds equate to an amount as if the proceeds were taxed at the capital gains rate. The BVARs vest over a five-year period and the participant may only redeem his or her BVARs at the earlier of (i) five years from the grant date or (ii) cessation of employment with the Company.

As the Company's BVAR plan is a cash settled plan, the fair value of the BVARs is charged to administration and other expense and recorded as a liability over the BVAR vesting period based on the book value per share at the consolidated balance sheet date of the prior quarter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(j) Net Income Per Share

Basic net income per share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Fully-diluted net income per share is determined in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding during the year.

(k) Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

3. TEMPORARY INVESTMENTS

Temporary investments consist of guaranteed investment certificates, corporate bonds and preferred shares and have maturities greater than 90 days from the date of acquisition and through to December 2012. The yield on these investments ranges between 0.7% and 4.9% per annum (2009 – between 2.7% and 5.6%) with a weighted average rate of pre-tax return of 2.7% per annum (2009 – 3.7%). The composition of Clairvest's temporary investments at March 31 was as follows:

	2010			2009
	Due in 1 year or less	Due after 1 year	Total	Total
Guaranteed Investment Certificates	\$ 20,073	\$ 21,976	\$ 42,049	\$ 15,048
Corporate bonds	44,680	18,340	63,020	51,585
Preferred shares	—	3,475	3,475	5,507
	\$ 64,753	\$ 43,791	\$ 108,544	\$ 72,140

4. RELATED PARTY TRANSACTIONS

- (a) A wholly owned subsidiary of Clairvest ("GP I") has entered into a Management Agreement with the General Partner of CEP, appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. The fee was calculated annually as 2% of committed capital until August 21, 2006, the fifth anniversary of the last closing of CEP, and thereafter at 2% of contributed capital of CEP less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP. During fiscal 2010, GP I earned net management fees of \$1.0 million (2009 – \$1.2 million) as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of \$0.2 million (2009 – \$0.3 million) from corporate investments of CEP were netted against the management fees.
- (b) The General Partner of CEP is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. The distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP are allocated 50% to each of its limited partners, one of which is another wholly owned subsidiary of Clairvest ("Clairvest Subsidiary"), and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP I (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During fiscal 2010, CEP declared distributions to the General Partner totaling \$6.8 million (2009 – \$2.9 million), 50% of which, or \$3.4 million (2009 – \$1.5 million), was allocated to Clairvest Subsidiary. During fiscal 2010, CEP paid to the General Partner distributions totaling \$9.7 million (2009 – nil) that were declared in fiscal 2009 and 2010. At March 31, 2010, CEP had declared and paid distributions to the General Partner totaling \$9.7 million (2009 – declared \$2.9 million, paid nil), 50% of which, or \$4.9 million (2009 – \$1.5 million), was allocated to Clairvest Subsidiary. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to a further \$15.3 million (2009 – \$19.2 million) of distributions, 50% of which, or \$7.6 million (2009 – \$9.6 million), would be payable to Clairvest Subsidiary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (c) Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a priority distribution from CEP III. The priority distribution is calculated monthly as 0.1667% of committed capital until the earlier of August 2011, being the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed to new investments, and thereafter 0.1667% of contributed capital net of any distribution on account of capital and write-downs of capital invested. The priority distribution is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP III. During the year, CEP III declared to GP I net priority distributions of \$4.1 million (2009 – \$4.1 million). As per the Limited Partnership Agreement, fees of \$0.4 million (2009 – \$0.4 million) from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described in Note 4(d) below. To date, CEP III has not made any distributions to GP I other than priority distributions.
- (d) GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted in Note 4(c) above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, GP I and GP II would not receive any distributions other than the priority distributions described in Note 4(c). Any distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I (the "Participation III Investors"). The Participation III Investors have purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. The General Partner of the Participation III Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.1 million contributed by the Participation III Investors into the Participation III Partnership, the amount of which was invested in Kubra Data Transfer Ltd. ["Kubra"], plus the first \$0.2 million received by the Participation III Partnership as described above.
- (e) GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("CEP III Co-Invest") of 10% to June 23, 2008 and 8.25% thereafter. CEP III Co-Invest was established in 2006 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from CEP III Co-Invest will be allocated 100% to the Participation III Partnership.
- (f) Clairvest is also the parent company of the two General Partners of CEP IV (GP I and "GP III"). GP I is entitled to a priority distribution from CEP IV. The priority distribution is calculated monthly as follows: i) from the month in which CEP IV makes its first investment to the last day on which CEP III calculates its priority distributions based on committed capital ("CEP III Termination Date"), 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 0.1667% of committed capital; and iii) thereafter 0.1667% of contributed capital net of distributions on account of capital and any write-downs of capital invested. The priority distribution is reduced to the extent of 67.9% of fees earned by GP I from corporate investments of CEP IV. During fiscal 2010, CEP IV did not declare any priority distributions. GP I is also entitled to distributions made by CEP IV equal to 2% of gains of CEP IV determined as described in Note 4(g) below. To date, CEP IV has not made any distributions to GP I.
- (g) GP III, a limited partnership, the general partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP IV equal to 18% of net gains of CEP IV. These distributions to GP III, and GP I as noted in Note 4(f) above, will be determined based on the overall performance of CEP IV. No such distributions are permitted until CEP IV's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP IV has not made any distributions to GP III. Any distributions received by GP III will be allocated to each of its two limited partners, one of which is Clairvest Subsidiary which will receive 44.4% of such

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

distributions, and the other of which is another limited partnership (the "Participation IV Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation IV Partnership are principals and employees of Clairvest and GP I (the "Participation IV Investors"). The Participation IV Investors have purchased, at fair market value, units of the Participation IV Partnership. From time to time, additional units in the Participation IV Partnership may be purchased by Participation IV Investors. The General Partner of the Participation IV Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.6 million contributed by the Participation IV Investors into the Participation IV Partnership, the amount of which was invested in Midwest Gaming Holdings, LLC ["Midwest Gaming"] subsequent to year end, plus the first \$0.4 million received by the Participation IV Partnership as described above.

- (h) GP III is also entitled to a carried interest in respect of CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest") of 8.25%. CEP IV Co-Invest was established in 2009 as the investment vehicle through which Clairvest would co-invest alongside CEP IV. Distributions received by GP III from CEP IV Co-Invest will be allocated 100% to the Participation IV Partnership.
- (i) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company and GP I totaling \$1.0 million (2009 – \$0.7 million). The share purchase loans bear interest fixed at the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of \$1.0 million (2009 – \$0.5 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totaling \$0.5 million (2009 – \$0.6 million). The loans to officers of the affiliated company bear interest at rates commensurate with prime and interest is paid quarterly. Loans are repayable upon departure of the officer. Interest of \$49,000 (2009 – \$58,000) was earned on these loans during fiscal 2010. Also included in accounts receivable and other assets are receivables from Clairvest's investee companies totaling \$3.0 million (2009 – \$2.2 million), from CEP totaling \$0.7 million (2009 – \$1.8 million), from CEP III totaling \$0.1 million (2009 – \$1.2 million) and from CEP IV totaling \$4.6 million. Also included in accounts receivable and other assets is a refundable deposit of \$8.5 million paid to the State of Kansas with respect to a gaming license application in Wichita, Kansas, the amount of which was refunded in full subsequent to year end.
- (j) Loans totaling \$3.2 million (2009 – nil), bearing interest at the prime rate, were made by the Company to CEP during fiscal 2010, \$0.6 million of which were outstanding at March 31, 2010. Interest of \$3,000 (2009 – nil) was earned from loans to CEP during fiscal 2010.
- (k) Loans totaling \$71.0 million (2009 – \$18.2 million), bearing interest at the prime rate, were made by the Company to CEP III during fiscal 2010. During fiscal 2010, these loans and the \$8.5 million (2009 – \$17.5 million) in loans outstanding at March 31, 2009 were repaid in full (2009 – \$27.2 million were repaid). Interest of \$91,000 (2009 – \$144,000) was earned from loans to CEP III during fiscal 2010.
- (l) During fiscal 2010, Clairvest earned \$3.3 million (2009 – \$3.3 million) in distributions and interest income and \$1.0 million (2009 – \$0.9 million) in advisory and other fees from its investee companies.

5. NET REALIZED GAINS (LOSSES) ON CORPORATE INVESTMENTS

Net realized gains (losses) on corporate investments for the years ended March 31, 2010 and 2009 are comprised of the following:

	2010	2009
Net realized gains (losses) during the year	\$ (3,538)	\$ 6,460
Previously recognized net unrealized (gains) losses	3,691	(77,336)
	\$ 153	\$ (70,876)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. CORPORATE INVESTMENTS

	2010			2009		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Casino Marina del Sol	\$ 9,699	\$ 9,911	\$ (212)	\$ 11,571	\$ 10,624	\$ 947
Casino New Brunswick	8,687	8,687	—	2,342	2,342	—
Hudson Valley Waste Holding, Inc.	8,952	9,221	(269)	—	—	—
Kubra Data Transfer Limited	6,573	2,150	4,423	5,962	2,150	3,812
Landauer Metropolitan Inc.	7,693	4,429	3,264	5,015	3,636	1,379
Latin Gaming Chile S.A.	12,435	12,443	(8)	11,461	9,132	2,329
Latin Gaming Osorno S.A.	16,942	16,618	324	18,830	16,618	2,212
Light Tower Rentals Inc.	6,280	6,233	47	7,368	5,884	1,484
Lyophilization Services of New England Inc.	4,887	6,454	(1,567)	6,068	6,454	(386)
N-Brook Mortgage LP	2,625	5,037	(2,412)	3,115	5,037	(1,922)
PEER 1 Network Enterprises Inc.	5,494	6,291	(797)	—	—	—
Tsuu T'ina Gaming Limited Partnership	8,631	5,625	3,006	7,603	5,625	1,978
Van-Rob Inc.	4,853	5,000	(147)	3,750	5,000	(1,250)
Wellington Financial Fund II	211	1	210	986	726	260
Wellington Financial Fund III	13,733	12,476	1,257	13,110	12,476	634
	117,695	110,576	7,119	97,181	85,704	11,477
Other investments	1,186	295	891	5,684	4,772	912
	\$ 118,881	\$ 110,871	\$ 8,010	\$ 102,865	\$ 90,476	\$ 12,389

The cost and fair value of corporate investments do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as hedges against these investments (see Note 12(b)). Details of each investment are described below.

(a) Casino Marina del Sol ("Casino del Sol")

Casino del Sol is a gaming entertainment complex in Chile, adjacent to the city of Concepción.

During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, advanced a \$0.7 million non-interest bearing loan to Casino del Sol. The loan was repaid in full during fiscal 2010. Also during fiscal 2009, Clairvest sold a portion of its interest in the Canadian acquisition entity to unrelated parties. Clairvest received \$0.5 million from the sale, which represented Clairvest's cost.

During fiscal 2010, Casino del Sol was impacted by an earthquake which occurred in Chile on February 27, 2010. Casino del Sol had purchased insurance for property damage and for business interruption of up to 12 months. Casino del Sol is preparing its insurance claims and repairing the facilities.

At March 31, 2010 and 2009, Clairvest, through Canadian and Chilean acquisition entities, owned 238,200 common shares of Casino del Sol, representing an 11.9% ownership interest on a fully-diluted basis.

(b) Casino New Brunswick

Casino New Brunswick is a gaming entertainment complex that was being constructed adjacent to the City of Moncton, in the Province of New Brunswick. Subsequent to year end, the casino segment of the development commenced operations.

During fiscal 2009, Clairvest committed \$8.0 million to build Casino New Brunswick, \$2.3 million of which was funded to March 31, 2009. During fiscal 2010, Clairvest funded an additional \$5.7 million to fully satisfy this commitment and an additional \$0.7 million to cover additional costs associated with the project. The investments were made in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 6% per annum thereafter. At March 31, 2010, Clairvest has funded \$8.7 million (2009 – \$2.3 million) to Casino New Brunswick. Clairvest also holds units of a limited partnership which holds Casino New Brunswick, entitling Clairvest to 22.2% (2009 – 22.2%) of the earnings of the casino once it is operating.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Hudson Valley Waste Holding, Inc. (“Hudson Valley”)

Hudson Valley is a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States. During fiscal 2010, Clairvest invested \$9.2 million to acquire 8,750 Series A convertible preferred shares in Hudson Valley, representing an 8.3% ownership interest unless certain return thresholds are met, at which point ownership interest would be reduced to 6.2%.

(d) Kubra Data Transfer Limited

Kubra is a business process outsourcing company focused on the distribution of household bills on behalf of its customers.

At March 31, 2010 and 2009, Clairvest owned 2,150,000 Class A voting common shares of Kubra, representing a 12.8% interest on a fully-diluted basis.

(e) Landauer Metropolitan Inc. (“Landauer”)

Landauer is a supplier of home medical equipment in the northeastern United States.

During fiscal 2010, Clairvest, through a wholly owned subsidiary, acquired an additional 301,275 common shares for \$0.6 million. Also during fiscal 2010, Clairvest advanced a \$0.2 million bridge loan to Landauer. The loan bears interest at a rate of 25% per annum, payable monthly, and is repayable on April 16, 2010. Any unpaid interest will accrue interest at the same rate. The Company has the option to convert the bridge loan to common shares of Landauer if the loan is not repaid by April 16, 2010. Subsequent to year end, the loan was due but has not been demanded or converted and a portion of the loan was sold to Landauer management at accrued cost.

At March 31, 2010, Clairvest, through a wholly owned subsidiary, owned 1,906,250 (2009 – 1,906,250) 10% cumulative convertible preferred shares and 748,133 (2009 – 446,858) common shares in Landauer, representing a 13.9% (2009 – 13.4%) interest on a fully-diluted basis. The preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each preferred share is convertible into one common share and the conversion is at Clairvest’s discretion.

(f) Latin Gaming Chile S.A. (“Latin Gaming Chile”)

Latin Gaming Chile is a casino operator in Chile. It is also Clairvest’s partner in its investment in Latin Gaming Osorno S.A. (see Note 6(g)).

During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, loaned US\$8.8 million (C\$9.1 million) to Latin Gaming Chile to support the construction of a casino in Calama, Chile. The loans bore interest at 5% per annum to August 10, 2009 and were non-interest bearing thereafter.

During fiscal 2010, the Company, through Canadian and Chilean acquisition entities, loaned an additional US\$3.0 million (C\$3.3 million) loan to Latin Gaming Chile under the same terms, bringing total loans to US\$11.8 million (C\$12.4 million).

The loans were provided as bridging capital as Clairvest was awaiting regulatory approval and completion of negotiation to invest in this casino project. Regulatory approval was received during fiscal 2010. The loans are repayable on demand but have not been demanded.

(g) Latin Gaming Osorno S.A. (“Osorno Casino”)

Casino Osorno is a gaming entertainment complex in Osorno, Chile, which is operated by Latin Gaming Chile.

At March 31, 2008, the Company, through Canadian and Chilean acquisition entities, provided a loan of US\$5.0 million (C\$5.0 million) to Latin Gaming Chile, bearing interest at 5% per annum.

During fiscal 2009, the Company, through Canadian and Chilean acquisition entities, provided an additional US\$3.0 million (C\$3.1 million) loan to Latin Gaming Chile under the same terms, bringing total loans to US\$8.0 million (C\$8.1 million). Also during fiscal 2009, Clairvest received the necessary regulatory approval to invest in Casino Osorno, and invested US\$16.0 million (C\$16.6 million) in Casino Osorno through Canadian and Chilean acquisition entities. The US\$8.0 million (C\$8.1 million) in loans previously advanced to Latin Gaming Chile were repaid in full upon the closing of the investment in Casino Osorno.

At March 31, 2010 and 2009, Clairvest, through Canadian and Chilean acquisition entities, owned 64,000 common shares of Casino Osorno, representing a 50% ownership interest on a fully-diluted basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(h) Light Tower Rentals Inc. (“Light Tower Rentals”)

Light Tower Rentals is an oilfield equipment rental company operating in Texas, New Mexico and Colorado.

During fiscal 2010, Clairvest invested \$0.3 million for 340,822 common shares of LTR Equipment Inc. (“LTR Equipment”), a company affiliated with Light Tower Rentals which supplies certain equipment to Light Tower Rentals.

At March 31, 2010 and 2009, Clairvest owned 5,841,250 Series A convertible preferred shares in Light Tower Rentals, which could be converted into a 10.8% ownership interest on a fully-diluted basis. Each preferred share is convertible into one common share and the conversion is at Clairvest’s discretion. Also at March 31, 2010, Clairvest owned 340,822 common shares in LTR Equipment representing an 11.0% interest on a fully-diluted basis.

(i) Lyophilization Services of New England Inc. (“LSNE”)

LSNE is a Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers.

At March 31, 2008, Clairvest owned 5,000,000 Series A 10% cumulative convertible preferred shares in LSNE.

During fiscal 2009, Clairvest acquired an additional 1,406,000 Series A 10% cumulative convertible preferred shares for \$1.4 million. Also during fiscal 2009, management determined that the carrying value of LSNE should be written down by \$2.0 million as a result of a decline in LSNE’s operating results. The write-down was partially offset by \$1.6 million in foreign exchange gains during fiscal 2009.

At March 31, 2010 and 2009, Clairvest owned 6,406,000 Series A 10% cumulative convertible preferred shares of LSNE, which could be converted into a 12.3% ownership interest on a fully-diluted basis. The preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each preferred share is convertible into one common share and the conversion is at Clairvest’s discretion.

(j) N-Brook Mortgage LP (“N-Brook”)

N-Brook originated, adjudicated and underwrote first-ranking mortgages on owner-occupied, residential real estate in Ontario, British Columbia and Alberta. Clairvest had fully funded its \$5.0 million commitment to N-Brook in fiscal 2008. Clairvest’s fully-diluted interest in N-Brook at March 31, 2010 and 2009 was 14.7%.

During fiscal 2009, N-Brook management decided to wind down its mortgage portfolio. Also during fiscal 2009, Clairvest determined that the carrying value of N-Brook should be written down by \$2.2 million as a result of a downward revision of the expected net realizable value of the investment.

During fiscal 2010, Clairvest wrote down the carrying value of N-Brook by a further \$0.5 million.

(k) PEER 1 Network Enterprises Inc. (“PEER 1”)

Peer 1 is a global online IT infrastructure provider based in Vancouver. During fiscal 2010, Clairvest invested \$6.3 million to acquire 5,134,617 common shares in PEER 1, representing a 4.2% interest on a fully-diluted basis.

(l) Tsuu T’ina Gaming Limited Partnership (“Tsuu T’ina”)

Tsuu T’ina is a charitable casino on Tsuu T’ina First Nation reserve lands, located immediately southwest of the City of Calgary. The Company’s investment is in the form of subordinated debt with a 16% coupon. Clairvest also holds units of a limited partnership which holds Tsuu T’ina, entitling Clairvest to between 2.8% and 9.6% of the earnings of the casino from the date of commencement of operations, December 19, 2007, for a period of 15 years.

At March 31, 2010 and 2009, Clairvest had fully funded its \$5.6 million commitment in 16% subordinated debt to Tsuu T’ina.

(m) Van-Rob Inc. (“Van-Rob”)

Van-Rob is a supplier of metal stampings and welded assemblies to the North American auto sector.

During fiscal 2009, the par value of the Class A special convertible shares of Van-Rob was increased from \$1.00 per share to \$1.50 per share, increasing the par value of Clairvest’s 5,000,000 Class A special convertible shares to \$7.5 million. Also during fiscal 2009, Clairvest determined that the carrying value of Van-Rob should be written down by \$3.7 million as a result of the significant risk surrounding the automotive related industry.

During fiscal 2010, Clairvest increased the carrying value of Van-Rob by \$1.1 million to \$4.9 million as the prospects of the automotive industry improved during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At March 31, 2010 and 2009, Clairvest owned 5,000,000 Class A special convertible shares in Van-Rob, representing a 5.5% fully-diluted ownership interest. Each Class A special convertible share is convertible into 1.1285 common shares and the conversion is at Clairvest's discretion.

(n) Wellington Financial Fund II ("Wellington Fund II")

Wellington Fund II provided debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. Clairvest, as a limited partner, had committed to fund \$20.0 million to Wellington Fund II. Clairvest's commitment represents a 24.1% interest in Wellington Fund II.

As a result of the closing of Wellington Financial Fund III (see Note 6(o)), any unfunded capital commitments to Wellington Fund II were extinguished. Clairvest had funded \$13.6 million (2009 – \$13.6 million) to Wellington Fund II, all of which (2009 – \$12.9 million) had been returned at March 31, 2010. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund II.

(o) Wellington Financial Fund III ("Wellington Fund III")

Wellington Fund III, a successor to Wellington Fund II, provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada and the United States. Clairvest, as a limited partner, committed to fund \$25.0 million to Wellington Fund III.

During fiscal 2009, Wellington Fund III increased its fund size from \$125.9 million to \$150.0 million as a result of the entry of new limited partners. Clairvest's interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling \$5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future.

At March 31, 2010 and 2009, \$12.5 million of Clairvest's commitment had been funded. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund III.

7. CREDIT FACILITIES

The Company has a \$20.0 million credit facility available, bearing interest at prime plus 0.5% per annum. The prime rate at March 31, 2010 was 2.25% (2009 – 2.50%). The amount available under the credit facility at March 31, 2010 and 2009 was \$20.0 million which is based on debt covenants within the banking arrangement. No amounts were drawn during fiscal 2010 and 2009.

Subsequent to year end, the Company closed on a new 10-year, \$75.0 million, committed credit facility with a financial institution. The credit facility may be increased to \$100.0 million on or before September 30, 2010 upon mutual consent. The credit facility bears interest at 11% per annum on drawn amounts and at 1% per annum on undrawn amounts. No amounts were drawn subsequent to year end.

8. INCOME TAXES

Income tax expense for the years ended March 31, 2010 and 2009 consist of the following:

	2010	2009
Current income tax expense (recovery)	\$ (1,705)	\$ 5,433
Future income tax expense (recovery)	824	[403]
	\$ (881)	\$ 5,030

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the income tax expense (recovery) based on the statutory rate in Canada and the effective rate is as follows:

	2010	%	2009	%
Income before income taxes	\$ 7,616		\$ 31,118	
Statutory Canadian income tax rate		32.75		33.38
Statutory Canadian income taxes	2,494	32.75	10,386	33.38
Non-taxable dividends and distributions received	(2,514)	(33.01)	(25,198)	(80.98)
Non-taxable portion of net investment losses (gains)	(2,085)	(27.38)	19,860	63.82
Non-taxable portion of losses (gains) on temporary investments	(203)	(2.67)	330	1.06
Non-deductible portion of finance expense (recovery)	(135)	(1.77)	1,133	3.64
Non-deductible portion of other expenses (recovery)	1,617	21.24	(1,099)	(3.53)
Payment of prior years' taxes	173	2.27	42	0.13
Foreign income tax rate differences	1,429	18.76	(936)	(3.01)
Other	(1,657)	(21.76)	512	1.65
	\$ (881)	(11.57)	\$ 5,030	16.16

Future tax assets and liabilities relate to loss carryforwards and temporary differences on corporate and temporary investments, derivative instruments, accounts payable and accrued liabilities and income, as follows:

	2010		2009	
	Asset	Liability	Asset	Liability
Loss carryforwards	\$ 86	\$ (1,309)	\$ —	\$ (300)
Temporary differences on corporate and temporary investments	(130)	(304)	2,253	1,009
Temporary differences on derivative instruments	(384)	504	196	(709)
Temporary differences on accounts payable and accrued liabilities	1,286	—	1,677	—
Temporary differences on income	—	2,314	—	4,049
Other	(750)	250	(600)	—
	\$ 108	\$ 1,455	\$ 3,526	\$ 4,049

9. SHARE CAPITAL

Authorized

Unlimited number of preference shares issuable in series, with the designation, rights, privileges, restrictions, and conditions to be determined by the Board of Directors prior to the issue of the first shares of a series.

Unlimited number of common shares

10,000,000 non-voting shares

Issued and outstanding

	2010		2009	
	Shares	Amount	Shares	Amount
Common shares, beginning of year	15,953,566	\$ 82,823	15,943,566	\$ 82,713
Issued on exercise of stock options	—	—	10,000	110
Common shares, end of year	15,953,566	\$ 82,823	15,953,566	\$ 82,823

During fiscal 2010, the Company filed a normal course issuer bid enabling it to make market purchases of up to 797,678 (2009 – 797,678) of its common shares in the 12-month period commencing March 6, 2010.

During fiscal 2010 and 2009, the Company made no purchases or cancellations under its normal course issuer bid. In total, 2,544,424 common shares at a cost of \$21.9 million have been purchased under this and all previous normal course

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

issuer bids as at March 31, 2010 and 2009. An additional 934,200 common and 2,230,954 non-voting shares have been purchased for cancellation from a financial institution outside of the normal course issuer bid.

15,953,566 (2009 – 15,953,566) common shares were outstanding at March 31, 2010.

The weighted average number of common shares outstanding during fiscal 2010 was 15,953,566 (2009 – 15,946,662). The weighted average number of fully-diluted shares outstanding during fiscal 2010 was 16,285,042 (2009 – 16,386,307).

The difference between the basic and fully-diluted net income per share computations for 2010 and 2009 consists of the following:

	2010			2009		
	Net income ('000s)	Number of shares	Per share amount	Net income ('000s)	Number of shares	Per share amount
Basic net income per share	\$ 8,497	15,953,566	\$ 0.53	\$ 26,088	15,946,662	\$ 1.64
Effect of dilutive securities Stock options		331,476			439,645	
Fully-diluted net income per share	\$ 8,497	16,285,042	\$ 0.52	\$ 26,088	16,386,307	\$ 1.59

At March 31, 2010, 235,000 (2009 – nil) outstanding stock options were not included in the calculation of fully-diluted net income per share as they are anti-dilutive.

Under the Company's stock option plan, 1,908,900 (2009 – 1,908,900) common shares of the Company have been reserved for issuance to eligible participants. At March 31, 2010, 1,082,000 (2009 – 1,082,000) options are outstanding under the plan, and an additional 45,500 (2009 – 80,500) are available for future grants. Under the plan, options are exercisable for one common share and the exercise price of the option must equal the market price of the underlying share on the day preceding the grant date.

Options granted vest over a period not to exceed 5 years. Once vested, options are exercisable at any time until their expiry 10 years after the grant date.

During fiscal 2010, 35,000 options were exercised, all of which were exercised under the cash settlement plan and had no impact on share capital. During fiscal 2009, 30,000 options were exercised, 10,000 of which were exercised for shares, increasing share capital by \$0.1 million. The remaining 20,000 options were exercised under the cash settlement plan and had no impact on share capital.

A summary of the status of the Company's stock option plan as at March 31, 2010 and 2009 and changes during the years then ended are presented below:

	Number of options	Weighted average exercise price per share
Options outstanding, March 31, 2008	1,112,000	\$ 8.27*
Options exercised	(30,000)	7.51
Options outstanding, March 31, 2009	1,082,000	8.29
Options granted	35,000	12.63
Options exercised	(35,000)	5.22
Options outstanding, March 31, 2010	1,082,000	\$ 8.53
Options exercisable, March 31, 2010	837,000	\$ 7.61

* Adjusted for special dividend paid in fiscal 2009

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes information about stock options outstanding and exercisable at March 31, 2010:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life [yrs]	Weighted average exercise price*	Number exercisable	Weighted average exercise price*
\$3.00 to \$3.99	35,000	0.2	\$ 3.75	35,000	\$ 3.75
\$4.00 to \$4.99	80,000	1.4	4.23	80,000	4.23
\$5.00 to \$5.99	150,000	2.3	5.22	150,000	5.22
\$6.00 to \$6.99	55,000	2.3	6.12	55,000	6.12
\$7.00 to \$7.99	197,000	3.5	7.43	197,000	7.43
\$9.00 to \$9.99	330,000	5.6	9.53	240,000	9.49
\$12.00 to \$12.99	235,000	7.6	12.92	80,000	12.97
	1,082,000			837,000	

*Adjusted for special dividend paid in fiscal 2009

10. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

As a result of a cash settlement feature in Clairvest's stock option plan, Clairvest is required to recognize compensation expense based upon the intrinsic value of the outstanding stock options at the consolidated balance sheet dates, and the proportion of their vesting periods that have elapsed. For the year ended March 31, 2010, Clairvest recognized a stock-based compensation expense of \$1.4 million (2009 – \$2.2 million recovery). As at March 31, 2010, \$4.2 million (2009 – \$3.1 million) has been accrued under the Company's stock option plan.

As at March 31, 2010, a total of 155,135 (2009 – 123,636) DSUs were held by directors of the Company, the accrual in respect of which was \$2.0 million (2009 – \$1.4 million) and has been included in accounts payable and accrued liabilities. For the year ended March 31, 2010, Clairvest recognized an expense of \$0.6 million (2009 – \$0.1 million) with respect to DSUs.

As at March 31, 2010, 120,000 (2009 – 105,000) Appreciation DSUs were held by directors of the Company, the accrual in respect of which is \$19,000 (2009 – nil). For the year ended March 31, 2010, Clairvest recognized an expense of \$19,000 (2009 – \$117,000 recovery) with respect to Appreciation DSUs.

As at March 31, 2010, a total of 541,000 (2009 – 432,000) BVARs were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was \$2.3 million (2009 – \$1.5 million) and has been included in accounts payable and accrued liabilities. For the year ended March 31, 2010, Clairvest recognized an expense of \$0.8 million (2009 – \$1.0 million) with respect to BVARs.

11. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances related to operations is detailed as follows:

	2010	2009
Accounts receivable and other assets	\$ (12,006)	\$ (1,977)
Income taxes recoverable	(7,210)	(80)
Accounts payable and accrued liabilities	(515)	(7,592)
Income taxes payable	(2,025)	(1,459)
	\$ (21,756)	\$ (11,108)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and cash equivalents at March 31, 2010 and 2009 are comprised of the following:

	2010	2009
Cash	\$ 3,843	\$ 61,134
Cash equivalents	39,841	51,138
	\$ 43,684	\$ 112,272

12. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

Cash and cash equivalents have fair values which approximate their carrying values due to their short-term nature.

Receivables, payables, temporary investments and corporate investments are being carried at fair value in accordance with the Company's accounting policy described in Note 2.

(b) Foreign Exchange Forward Contracts

As at March 31, 2010, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Foreign exchange forward contracts to sell US\$62.8 million (2009 – US\$36.1 million) at an average rate of Canadian \$1.0745 (2009 – \$1.1722) per U.S. dollar through to March 2011. The fair value of these contracts at March 31, 2010 is a gain of \$3.7 million (2009 – \$3.2 million loss) and has been recognized on the consolidated balance sheets as derivative instruments. US\$2.3 million (2009 – US\$7.1 million) of these forward contracts are in anticipation of future growth in the value of Clairvest's U.S. denominated investments, as described in Note 14. These contracts were settled by entering into offsetting contracts subsequent to year end.

Foreign exchange forward contracts to sell Chilean Unidad de Fomento ("CLF") 0.7 million (2009 – CLF0.7 million) at an average rate of Canadian \$44.0993 (2009 – \$41.8148) per CLF through to January 2011. The fair value of these contracts at March 31, 2010 is a gain of \$2.2 million (2009 – \$2.3 million loss) and has been recognized on the consolidated balance sheets as derivative instruments.

At March 31, 2009, the Company also had entered into foreign contracts to sell US\$9.3 million and buy \$6.2 million, on behalf of CEP III, at an average rate of \$1.1779. The fair value of these contracts at March 31, 2009 is a loss of \$0.3 million. During fiscal 2010, these foreign exchange forward contracts expired and the corresponding losses were reimbursed by CEP III.

13. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- (a) Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, \$3.5 million (2009 – \$4.0 million) of which remains outstanding at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP.
- (b) Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is \$75.0 million, \$15.2 million (2009 – \$39.8 million) of which remains unfunded at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.
- (c) Clairvest has also committed to co-invest alongside CEP IV in all investments undertaken by CEP IV. Clairvest's total co-investment commitment is \$100.0 million, all of which remains unfunded at March 31, 2010. Subsequent to year end, Clairvest funded \$13.2 million of this co-investment commitment reducing the unfunded portion to \$86.8 million. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV if the manager of CEP IV, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP IV.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (d) Clairvest has committed \$25.0 million to Wellington Fund III, \$12.5 million (2009 – \$12.5 million) of which remains unfunded at March 31, 2010.
- (e) At March 31, 2010, Clairvest has received profit distributions totaling \$1.6 million (2009 – \$1.4 million) through its ownership interest in the General Partner of Wellington Fund II and \$1.5 million (2009 – \$1.0 million) through its ownership interest in the General Partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions (the “Clawback”) entered into by the General Partners in the event the limited partners of the Wellington Fund II and Wellington Fund III do not meet their return threshold as specified in the respective Limited Partnership Agreements. At March 31, 2010, there were no accruals made with respect to the Clawback (2009 – \$0.4 million).
- (f) Clairvest has guaranteed up to \$3.0 million of CEP’s obligations to a Schedule 1 chartered bank under CEP’s foreign exchange forward contracts with the bank.
- (g) Clairvest and CEP III entered into a US\$13.0 million credit facility agreement with a Schedule 1 chartered bank to enter into foreign exchange forward contracts. Clairvest and CEP III are jointly and severally liable on this credit facility. Subsequent to year end, the joint and several agreement was extinguished and Clairvest entered into a stand-alone credit facility agreement.
- (h) Under Clairvest’s Incentive Bonus Program (the “Program”), a bonus of 10% of after-tax cash income and realizations on certain of Clairvest’s corporate investments would be paid to management annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2010, \$0.8 million (2009 – \$2.8 million) has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$1.4 million (2009 – \$1.4 million) would be owing to management under this Program. As no such income and realizations have occurred and the terms of the Program with respect to these corporate investments have not yet been fulfilled, the \$1.4 million (2009 – \$1.4 million) has not been accrued at March 31, 2010. The Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.
- (i) During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited (“Signature”) and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various claims which will reduce over time.
- (j) Clairvest, together with CEP, had guaranteed to fund any operating deficiencies of the Tsuu T’ina charitable casino for a specified period of time. The guarantee was extinguished during fiscal 2010 and no amounts subject to this guarantee had been funded.
- (k) Clairvest, together with CEP III, has guaranteed to fund 50% of any operating deficiencies upon the opening of Casino del Sol for a specified period of time. Amounts paid under the guarantee will be allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, no amounts subject to this guarantee have been funded.
- (l) Clairvest, together with CEP III, has guaranteed to fund any cost overruns during the construction of Casino New Brunswick, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, \$2.7 million of the cost overruns guarantee has been funded, \$2.0 million of which was allocated to CEP III, and no amounts subject to the operating deficiencies guarantee have been funded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (m) As part of the holding structure of Casino del Sol, an acquisition entity borrowed \$32.1 million from an unrelated financial institution, while another acquisition entity deposited \$32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 23.8% at March 31, 2010, with CEP III owning 71.5% and the remaining 4.7% owned by unrelated third party investors.
- (n) As part of the holding structure of Latin Gaming Chile, an acquisition entity borrowed \$8.3 million from an unrelated financial institution, while another acquisition entity deposited \$8.3 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming Chile, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at March 31, 2010.
- (o) As part of the holding structure of Casino Osorno, an acquisition entity borrowed \$15.0 million from an unrelated financial institution, while another acquisition entity deposited \$15.0 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino Osorno, and as a result, the deposit and the loan, and the interest revenue and expense, have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at March 31, 2010.
- (p) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

14. RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and the management thereof are described below.

Credit Risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the years ended March 31, 2010 and 2009, there were no material income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure at March 31, 2010 and 2009, net of any allowances for losses, were as follows:

	2010	2009
Cash and cash equivalents	\$ 43,684	\$ 112,272
Temporary investments	108,544	72,140
Accounts receivable	18,445	6,719
Loans receivable	698	8,549
Derivative instruments	5,900	—
Corporate investments	118,881	102,865
	\$ 296,152	\$ 302,545

The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of investee companies regularly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company is also subject to credit risk on its accounts receivables, the majority of which is with its investee companies. The Company manages this risk through its oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

The Company is also subject to credit risk on its loans receivables, the majority of which is with the CEP Funds. The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. At March 31, 2010, the Company's derivative instruments have an accrued gain and a fair value of \$5.9 million. The Company believes the counterparty risk with respect to its derivative instruments is nominal.

The Company manages credit risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly. As at March 31, 2010 and 2009, the credit ratings, based on the Dominion Bond Rating Services ("DBRS") rating scale, for the Company's cash, cash equivalents and temporary investments were as follows:

	2010	2009
Cash and term deposits	\$ 30,572	\$ 61,216
Guaranteed investment certificates and savings accounts		
AA+	5,025	—
AA	37,941	15,048
AA-	6,980	—
Corporate bonds		
AA	21,544	8,194
AA-	25,466	19,292
A+	7,025	8,100
A	2,001	10,999
A-	6,976	5,001
BBB	5,166	—
Preferred shares		
P-1 low	1,954	1,982
P-2	—	421
P-2 low	1,521	—
P-3 high	—	2,003
P-3	—	801
P-4	—	299
Other fixed income investments		
R1-High	49	841
Other non-rated securities	8	50,215
Total cash, cash equivalents and temporary investments	\$ 152,228	\$ 184,412

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Market Risk

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates. The following table presents the financial instruments measured at fair value classified by the fair value hierarchy set out in CICA Handbook Section 3862 as described in Note 2:

	2010			2009	
	Fair value measurements using			Assets/ liabilities at fair value	Assets/ liabilities at fair value
	Level 1	Level 2	Level 3		
Financial assets					
Cash	\$ 3,843	\$ —	\$ —	\$ 3,843	\$ 61,134
Cash equivalents					
Investment savings accounts	7,898	—	—	7,898	—
Term deposits	26,728	—	—	26,728	145
Corporate bonds	5,166	—	—	5,166	—
Fixed income mutual funds	49	—	—	49	50,993
	39,841	—	—	39,841	51,138
Temporary investments					
Guaranteed investment certificates	—	42,049	—	42,049	15,048
Corporate bonds	63,020	—	—	63,020	51,585
Preferred shares	3,475	—	—	3,475	5,507
	66,495	42,049	—	108,544	72,140
Accounts receivable	—	—	18,445	18,445	6,719
Loans receivable	—	—	698	698	8,549
Derivative instruments	—	5,900	—	5,900	—
Corporate investments	5,564	—	113,317	118,881	102,865
	115,743	47,949	132,460	296,152	302,545
Financial liabilities					
Accounts payable and accrued liabilities	—	—	23	23	268
Derivative instruments	—	—	—	—	5,523
	\$ —	\$ —	\$ 23	\$ 23	\$ 5,791

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in CICA Handbook Section 3862 as described in Note 2:

	Fair value April 1, 2009	Total realized / unrealized gains (losses) and foreign exchange revaluations included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value March 31, 2010	Unrealized gains (losses) and foreign exchange revaluations included in earnings for assets and liabilities for the year ended March 31, 2010 for positions still held
Financial assets						
Accounts receivable	\$ 6,719	\$ —	\$ 50,290	\$ (38,564)	\$ 18,445	\$ —
Loans receivable	8,549	—	74,436	(82,287)	698	—
Corporate investments	102,797	(3,339)	20,077	(6,218)	113,317	(3,003)
	118,065	(3,339)	144,803	\$ (127,069)	\$ 132,460	\$ (3,003)
Financial liabilities						
Accounts payable	268	—	529	(774)	23	—
	\$ 268	\$ —	\$ 529	\$ (774)	\$ 23	\$ —

As at March 31, 2010, approximately 4.7% of the fair value of the Company's corporate investments was in publicly-traded companies. If market prices were higher or lower by 5% as at March 31, 2010, the potential effect would be an increase or decrease of \$0.3 million to the carrying value of corporate investments and net unrealized gains (losses) on corporate investments on a pre-tax basis for the year ended March 31, 2010.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple used in a valuation model based on earnings used for each individual investment. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses, ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred, and iii) multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Investments which are valued using the earnings multiple approach include Hudson Valley, Kubra, Landauer, Light Tower Rentals, LSNE, and Van-Rob. If the Company had used an earnings multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase of \$3.9 million or decrease of \$4.2 million to the carrying value of corporate investments and net unrealized gains or losses on corporate investments, on a pre-tax basis for the year ended March 31, 2010. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's corporate investment portfolio is diversified across 13 companies in 9 industries and 3 countries as at March 31, 2010. Concentration risk by industry and by country is as follows:

	2010				2009			
	Canada	United States	Chile	Fair value	Canada	United States	Chile	Fair value
Automotive related	\$ 4,853	\$ —	\$ —	\$ 4,853	\$ 3,750	\$ —	\$ —	\$ 3,750
Business services	1,035	6,573	—	7,608	5,062	5,962	—	11,024
Contract manufacturing	—	4,887	—	4,887	—	6,068	—	6,068
Financial services	16,569	—	—	16,569	17,211	—	—	17,211
Gaming	17,318	—	39,076	56,394	9,945	—	41,862	51,807
Health and medical related	—	7,693	—	7,693	—	5,015	—	5,015
Information technology	—	5,494	—	5,494	—	—	—	—
Oil field service	—	6,280	—	6,280	—	7,368	—	7,368
Waste management	—	8,952	—	8,952	—	—	—	—
Other	151	—	—	151	90	532	—	622
Total	\$ 39,926	\$ 39,879	\$ 39,076	\$ 118,881	\$ 36,058	\$ 24,945	\$ 41,862	\$ 102,865

Certain industries may experience significant negative impact to their profitability and liquidity positions given the current economic environment. The Company has considered these economic events and indicators in the valuation of its corporate investments.

The Company held \$3.5 million in preferred shares of corporations in its temporary investments portfolio at March 31, 2010. Fluctuations between par value and market price did not exceed 7% during the period the shares were held. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at March 31, 2010, Clairvest hedged 100% of the carrying value of its foreign investments. In addition, the Company has entered into foreign exchange contracts in anticipation of future growth in the value of its U.S. denominated investments. These contracts had notional values totaling US\$2.3 million and a fair value of a loss of \$2,000 at March 31, 2010. These contracts were settled by entering into offsetting contracts subsequent to year end. During fiscal 2010, the Company recognized \$1.4 million in foreign exchange expense recovery [2009 – \$1.5 million in foreign exchange expense] as a result of the Company's hedging strategy.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact to the profitability of these entities and in turn the Company's fair value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Certain of the Company's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can have a significant impact on the fair value of these investments.

Fluctuations in market interest rates affect the Company's income derived from cash, cash equivalents, and temporary investments. For financial instruments which yield a floating interest income, the interest received is directly impacted by the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of \$0.9 million to distributions and interest income on a pre-tax basis for the year ended March 31, 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. See Note 13 which describes the Company's contingencies, commitments and guarantees.

The Company maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a credit facility with a Schedule 1 Canadian chartered bank and subsequent to year end closed on a new credit facility with a financial institution.

15. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be the amounts it has in cash, cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital committed or invested in CEP, CEP III and CEP IV. At March 31, 2010, Clairvest had cash, cash equivalents and temporary investments of \$152.2 million (2009 – \$184.4 million), in addition to \$118.9 million (2009 – \$102.9 million) of corporate investments. Clairvest also had access to a \$20.0 million (2009 – \$20.0 million) credit facility and \$267.9 million (2009 – \$131.2 million) of uncalled committed third-party capital for acquisitions through CEP, CEP III and CEP IV at March 31, 2010.

Clairvest's objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity such that funds are available to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing corporate investments;
- Achieve an appropriate risk-adjusted return on capital;
- Build the long-term value of its corporate investments; and
- Have appropriate levels of committed third-party capital available to invest along with Clairvest's capital. The management of third-party capital also provides management fees and/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by earning a carried interest.

At March 31, 2010 and 2009, Clairvest has no external capital requirements, other than as disclosed in Note 13.

16. SUBSEQUENT EVENTS

Subsequent to year end, the Company, through various acquisition entities, invested US\$9.3 million (C\$9.3 million) in Midwest Gaming to build a casino and related gaming and entertainment facilities in Des Plaines, Illinois. In addition to this investment, Clairvest advanced an additional US\$2.4 million (C\$2.4 million) loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The Company's ownership interest in Midwest Gaming is 6.0%.

17. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 consolidated financial statements.

SHAREHOLDER INFORMATION

As at, and for the year ended, March 31, 2010

SHAREHOLDER COMMUNICATION

Clairvest has both the obligation and desire to provide its shareholders with full and continuous disclosure, on a timely basis, throughout the fiscal year. Annual and quarterly reports are provided as part of this process and the company releases information on material events through the press, as required. Further disclosure can be found on the company's website, www.clairvest.com.

VALUATION MEASURES

Clairvest's focus is on building the long-term value of its investments. Fair value accounting allows Clairvest to reflect changes in the value of our investments. The fair value method, however, is not without limitations. Clairvest's investments are often carried at values which may vary from the actual realizations.

OUTSTANDING SECURITIES

Share structure:	Common Shares ⁽³⁾	
Common shares outstanding		15,953,566
Less holders of 10% or more		10,015,327
Public float: ^(1,2)		5,938,239
Market capitalization: ⁽¹⁾		\$ 196,228,862
Market value of public float: ^(1,2)		\$ 73,040,340
Stock market:	Toronto Stock Exchange	
Stock symbol:	CVG	

(1) As at June 4, 2010.

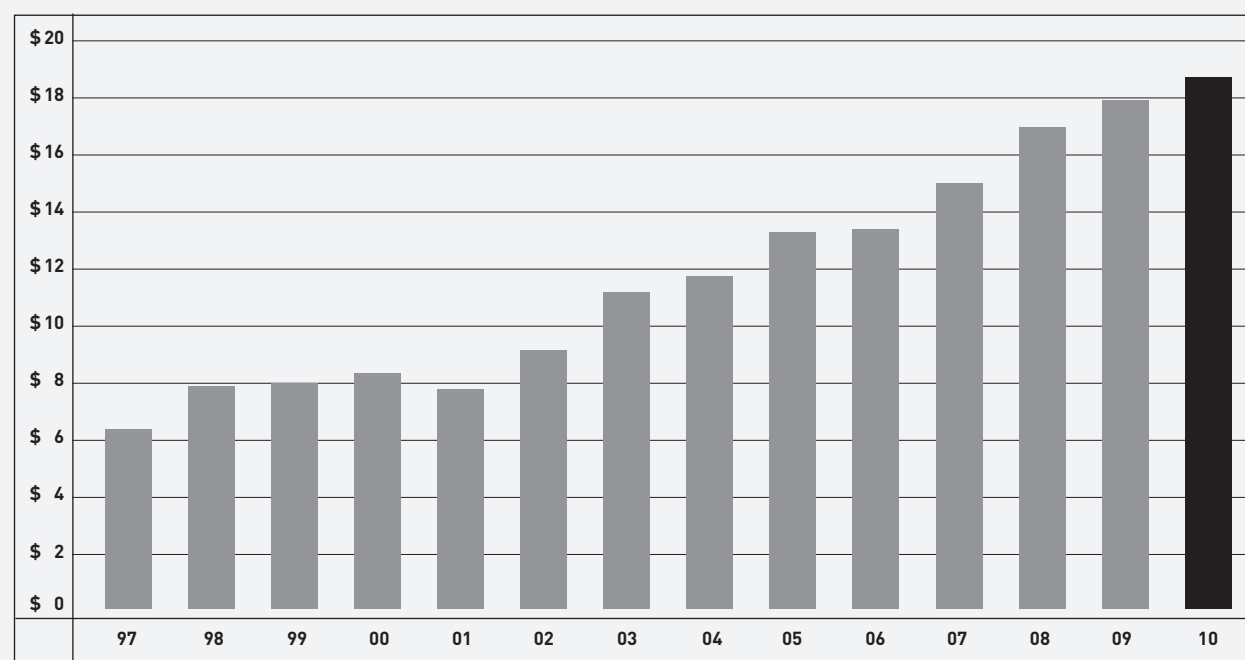
(2) Excludes holders of 10% or more of the outstanding common shares.

(3) During the year, Clairvest filed a new Normal Course Issuer Bid.

DIVIDEND INFORMATION

Clairvest has consistently paid a dividend over the last twenty years. Over the last eighteen years the annual dividend has been \$0.10 per common share. It is Clairvest's current intention to continue to pay an annual dividend.

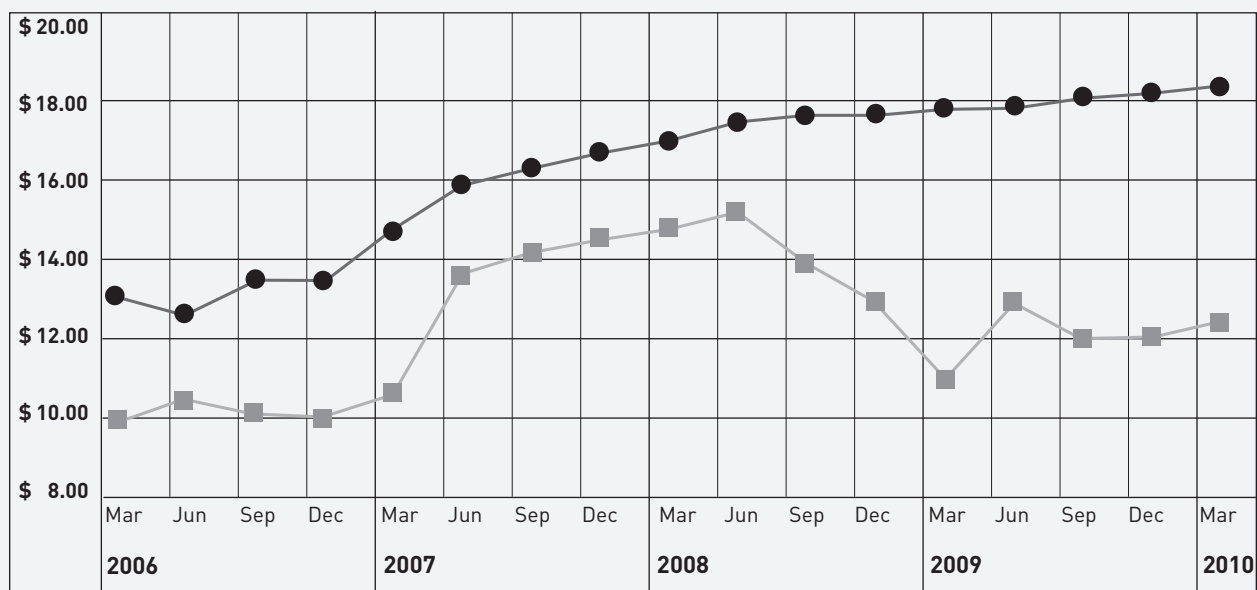
BOOK VALUE PER SHARE



SHAREHOLDER INFORMATION

As at, and for the year ended, March 31, 2010

SHARE PRICE VS BOOK VALUE PER SHARE



● Book value ■ Share price

SHARE TRADING VOLUME FISCAL 2010

Common Shares	High	Low	Close	Volume
Year to March 31, 2010				
First Quarter	12.99	10.52	12.99	25,437
Second Quarter	12.59	11.85	12.00	63,825
Third Quarter	12.79	11.91	12.10	66,378
Fourth Quarter	12.60	12.15	12.40	50,550
Year to March 31, 2009				
First Quarter	16.25	14.14	15.30	43,442
Second Quarter	15.60	14.00	14.00	82,015
Third Quarter	14.00	10.25	13.00	295,602
Fourth Quarter	13.00	10.61	10.90	200,137

SHAREHOLDER INQUIRIES

Caroline Montminy, Director, Investor Relations and Marketing

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fax: 416.925.5753

email: carolinem@clairvest.com

TRANSFER AGENT AND REGISTRAR

Investors are encouraged to contact
CIBC Mellon Trust Company
for information regarding their security holdings.

Information can be obtained at:
CIBC Mellon Trust Company
Adelaide Street Postal Station
P.O. Box 7010
Toronto, Ontario M5C 2W9
Answerline: 416.643.5500
or toll-free throughout North America at
1.800.387.0825
web: www.cibcmellon.ca
email: inquiries@cibcmellon.ca

CORPORATE INFORMATION

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22 St. Clair Avenue East, Suite 1700
Toronto, Ontario M4T 2S3
tel: 416.925.9270 fax: 416.925.5753
web: www.clairvest.com

AUDITORS
Ernst & Young LLP

THE ANNUAL MEETING OF
SHAREHOLDERS
August 10, 2010
St. Andrews Club & Conference Centre,
150 King Street West, 27th Floor
Toronto, Ontario Canada

All shareholders are encouraged to attend.